

The African Tech Startups Funding Report

2022



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MarketForce is a pan-African technology company that is building the super app for Africa's 100 million merchants.

marketforce.io



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Newtown Partners is the family office of successful startup entrepreneurs, Llew Claasen and Vinny Lingham. It invests across a range of alternative and traditional asset classes, especially early-stage venture capital to back startups utilising emerging technologies and disruptive business models.

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INTRODUCTION

To our friends across Africa's thriving tech startup ecosystem:

The Disrupt Africa team is delighted to present to you the seventh edition of the African Tech Startups Funding Report, covering 2022.

This year's report is another landmark one, with funding records yet again broken as African tech withstood the global downturn in VC to pass the US\$3 million investment mark for the first time.

Before we get into the nitty gritty of the data, however, some thanks must be offered. This is the third year in a row in which we have open-sourced the African Tech Startups Funding Report and its associated dataset.

The publication had built a formidable customer base since the release of its first edition in January 2016, including leading global tech companies, supranational investors, Big Four consulting companies, venture capital firms, and international trade bodies. Yet it was a concern to us that the data and analysis contained within its pages were not reaching the people that could arguably benefit from it most - African startup founders.

We were determined to put this right, and last year made the report free to all alongside key ecosystem partners. This year, we have done the same, and as such are delighted to have partnered with Flat6Labs, MarketForce, 4Di Capital, Mercy Corps Ventures, Newtown Partners and InsiderPR to again open-source the African Tech Startups Funding Report and deliver it to everyone, corporate or startup, institution or angel, for free.

The valued support of these esteemed partners, all of whom are contributing so much otherwise to the development of the continent's tech startup ecosystem, will once again ensure the report ends up in the hands of thousands of entrepreneurs, who can use the data and trends it details to inform their own fundraising strategies. We cannot thank them enough, and hope to work with them in the future on ensuring access to leading data and analysis remains free.

To that data, then. 2022 was another record year for funding activity in the African tech startup ecosystem, with total investment passing US\$3 billion. Disrupt Africa is privileged to have been a witness to the extraordinary development of the sector since we first started tracking investment in 2015, yet 2022 once again took things to a new level.

In the first edition of this report, Disrupt Africa found that 125 tech startups had raised funding in 2015, to the tune of US\$185,785,500. We were all pleased by the solid starting point from which figures could only increase. Fast forward to January 2023, and we are immensely proud to report that in 2022, 633 startups - more than ever before - raised US\$3,333,071,000, also a new record. That means total annual funding flowing into African tech startups has grown by an extraordinary 1,694 per cent since we began our work in 2015.

Though the bulk of funding activity continues to take place in the "big four" markets of South Africa, Nigeria, Kenya and Egypt, there is growth in activity across many other ecosystems, while acquisitions are becoming a regular feature of the ecosystem. While no new unicorns emerged in 2022, record rounds became a feature across various sectors.

It remains to be seen whether African tech can continue to buck global trends, but for now the ecosystem should celebrate a year of significant achievement from a funding perspective.

INTRODUCTION

In the following pages we share our year's work and analysis with you, telling the story of an ecosystem increasingly confident in itself, maturing nicely, spreading continent-wide, and endlessly innovative.

As with our previous funding reports, this research is based on our initial dataset gleaned from reporting on funding rounds throughout the year, which we have supplemented with widespread polling of hundreds of startups, investors, and tech hubs.

The result is our best calculation of the minimum value of the investment that has gone into the tech entrepreneurship ecosystem in Africa in 2022. The real total figure is sure to be higher - with some deals taking place behind closed doors or slipping through our nets. However we are confident we have provided a realistic, reliable - and the most comprehensive available - set of data.

What we can guarantee is that our dedication to precise information and reporting continues; and our eight years' worth of data can be relied on as a minimum "benchmark" to measure the progress of the ecosystem.

In this report we detail the value of funding flowing into Africa's various markets, the number of funding rounds raised in each country and sector, average deal sizes, as well as standout deals. We have provided analysis of seven key markets across the continent, as well as details of funding trends in a further 20 countries. We also look in-depth at 15 different tech sectors. A separate section is dedicated to tracking acquisitions on the continent, while the full list of funded African tech startups is provided as an appendix, sorted by country and sector.

In addition, the report looks at the makeup of founder teams, in terms of gender and nationality, and examines the job creation ability of funded African tech ventures.

And, of course, thanks to our partners, it is free to all!

We remain available at any point for follow-up discussions and questions; and would also appreciate feedback as to how we can work to make our publication of more value to you in the future.

All the best for 2023!



Gabriella Mulligan



Tom Jackson

Co-founders of Disrupt Africa

METHODOLOGY

The African Tech Startups Funding Report 2022 is based on data gathered by the Disrupt Africa team over the course of 2022. The information contained herein is an accurate work of journalism - the compilation of our list of funding rounds, as well as all analysis within the report, has been conducted in-house.

A complete record of funding rounds was kept over the year, as they were disclosed publicly or confidentially to the Disrupt Africa team. Using that initial dataset as a base, we have polled hundreds of startups, investors, hubs and other ecosystem players to identify rounds that we may have missed, or to clarify the amount raised where this was not initially disclosed.

Where amounts were publicly disclosed, or startups have informed us they can be disclosed, they are declared in the report. Where the figure was given in confidence, the number has been included in the aggregate total but not identified in the report.

Where we were unable to definitively ascertain the amount raised by a particular company, we have estimated the lowest possible figure based on the details we have managed to obtain. For example, if a startup indicated their funding was a "seven-figure dollar amount", we have estimated that figure as US\$1,000,000.

In a few cases, we have used a combination of the investment parameters of the funder in question, previous rounds raised by the startup, and the size of rounds raised by similar companies in similar sectors, to come up with a minimum possible figure.

In all, 427 of the funded startups (67.5%) in 2022 disclosed the amount raised, with the rest off the record or estimated. Disclosing is certainly becoming more of a trend, one that is welcome, with that figure an increase on the 297 (52.7%) that did so in 2021. The rest were off the record or estimated.

We do not claim to have identified every funding round going to an African tech startup in 2022, as there will be some that took place quietly. As such, the overall total funding raised is likely to be higher than our total; especially given our very conservative estimates of undisclosed rounds.

This report seeks to ascertain a minimum figure for funding for 2022 as we continue to track the growth of the African tech startup ecosystem, for the eighth consecutive year.

Comparative data used to reflect on progress over the years since 2015 stems from previous editions of this report, published annually for the preceding seven years. Data regarding the makeup of startup teams was either provided by startups themselves, or collected from publicly available information on platforms such as LinkedIn. Employment figures at the time of investment were either provided by the startup or sourced from LinkedIn.

A note on the definition of a startup. In deciding what "startups" to include and exclude from this study, Disrupt Africa has followed its usual editorial process, working on a case-by-case basis to decide whether a company qualifies as a startup. The definition of "startup" is more subjective than objective in any region; especially so in Africa where the scene is so nascent and there are no established qualifications in terms of revenues and employee numbers.

Startups are relatively young businesses where success is not guaranteed, where people choosing to work for the company are forgoing stability in exchange for innovation and the promise of tremendous growth. This ability to grow is key, what differentiates startups from small businesses is the potential - and desire - to scale regardless of geography.

More specifically, for the purposes of this report, the majority of companies featured are usually no older than seven years old (though this is not a fixed rule), are still in the process of scaling up, their potential profitability is still growing - regardless of whether profitability has to date been achieved -, and they may still seek external funding. We have excluded companies that are spin-offs of corporates or any other large entity.

The definition of "African startup" is also a controversial topic. In the clearest scenario, an African startup would be headquartered in Africa, founded by an African, and have Africa as its primary market. This, however, is rarely the case. Many Africa-based, Africa-focused startups are founded by non-Africans. Many Africa-focused, African-founded startups are, for regulatory and financial reasons, headquartered outside the continent. Many Africa-founded, Africa-based startups target customers elsewhere in the world.

Once again, Disrupt Africa tackles this issue on a case-by-case basis, and we may not always get it right in everybody's eyes. For the most part, the startups included in this report are at least Africa-based and Africa-focused, and we have applied thinking around the economic impact of a company - and where that impact is most felt - in the event of a startup diverging from this.

OVERVIEW

OVERVIEW

African tech startups buck global VC trends in 2022.

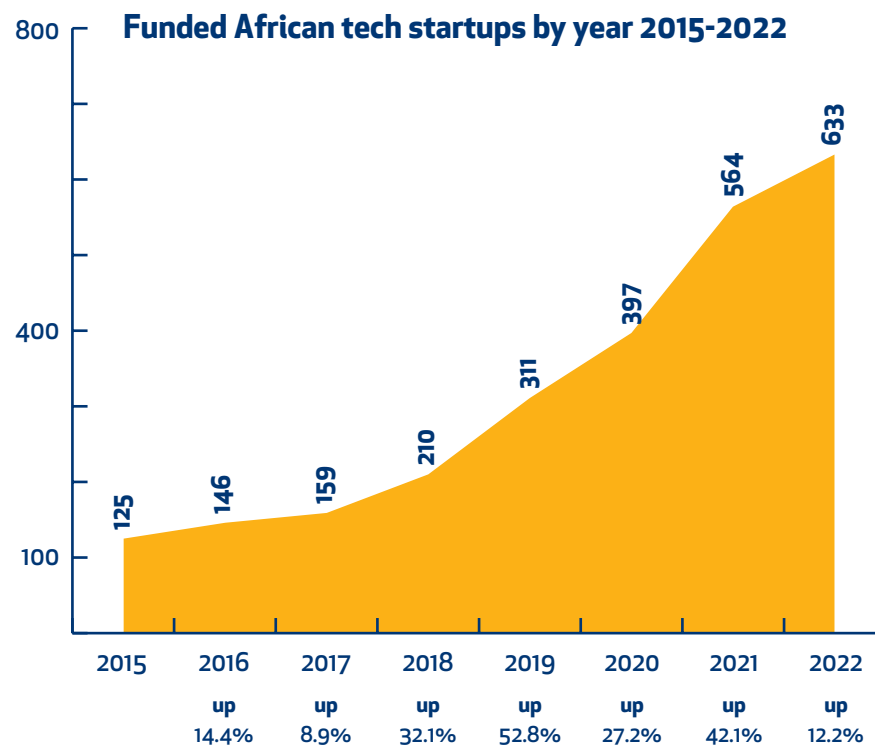
2021 was a landmark year for the African tech space, with unprecedented growth seeing the sector pass both the US\$1 billion and US\$2 billion marks for the first time. However, amidst a global downturn in investments, especially in riskier asset classes such as venture capital, one would have been forgiven for expecting some levels of stagnation in 2022. Far from it.

A total of 633 African tech startups raised a combined US\$3,333,071,000 over the course of 2022, a record in both respects and a funding total that passes the US\$3 billion mark for the first time. This represented significant growth, though smaller than the previous year, in spite of global conditions. The number of funded startups increased by 12.2 per cent on 564 in 2021, while the total secured funding jumped 55.1 per cent on US\$2,148,517,500 in 2021.

The number of startups to secure funding has continuously increased each year since Disrupt Africa began publishing its annual funding report. In 2015, only 125 startups secured investment. This figure grew to 146 the following year, 159 in 2017, and 210 in 2018. The number leapt in 2019 to 311, and though growth slowed in 2020, it sped up again in 2021 to hit 568. Growth has again slowed in 2022, but the number is still a record.

In all, the number of African startups securing investment each year has increased by 406 per cent since 2015.

The amount of total funding going to African tech startups also continues to increase, though the rate at which it is growing has decreased quite dramatically in 2022. When Disrupt Africa records began in 2015, the continent's startups raised a combined US\$185,785,500, though this total fell to US\$129,113,200 in 2016. Thereafter, however, the growth began. In 2017, total funds raised were up 51 per cent to US\$195,060,845; they soared a further 71.5 per cent to reach US\$334,520,500 in 2018; grew 46.7 per cent to US\$491,623,400 in 2019; and went up another 42.7 per cent to US\$701,460,565 in 2020.



OVERVIEW

In 2021, the overall total bounced an extraordinary 206.3 per cent to US\$2,148,517,500, and though the rate of growth slowed to 55.1 per cent in 2022, African tech startups still banked an impressive US\$3,333,071,000. At a time when global venture capital investments are on the decline, posting an increase of more than 50 per cent to pass the US\$3 billion mark for the first time represents an above-expectation year for the sector.

Total annual funding for African tech startups has increased by over 1,000 per cent since 2015.

The size of the average deal was up 38.2 per cent to US\$5,265,515 from US\$3,285,181 in 2021, having almost doubled that year from US\$1,766,903 in 2020. Average deal sizes have risen, dipped and plateaued to varying extents over the past few years, but now seem to be on a general upward trend, with the 2020 figure having been an increase of 11.8 per cent on US\$1,580,783 in 2019.

A total of 276 startups raised US\$1 million or over in 2022, representing 43.6 per cent of the total. This was up from 206 (36.5 per cent) in 2021, which was up from 110 (27.7%) in 2020 and 81 (26%) in 2019.

The record for largest round ever raised by an African tech startup was again beaten in 2022, with Nigerian fintech startup Flutterwave topping its own 2021 record with a US\$250 million raise in February. Standout amounts were also raised by Nigerian mobility fintech company Moove (US\$181.8 million across five investments), Egyptian fintech platform MNT-Halan (US\$150 million), Algerian super app Yassir (US\$150 million), Kenyan retail-tech startup Wasoko (US\$125 million), Tunisian AI startup InstaDeep (US\$100 million), South African e-commerce company Clickatell (US\$91 million), and Kenyan PAYG solar company M-KOPA (US\$75 million).



US\$250 million



US\$181.1 million



US\$150 million



US\$150 million



US\$125 million



US\$100 million

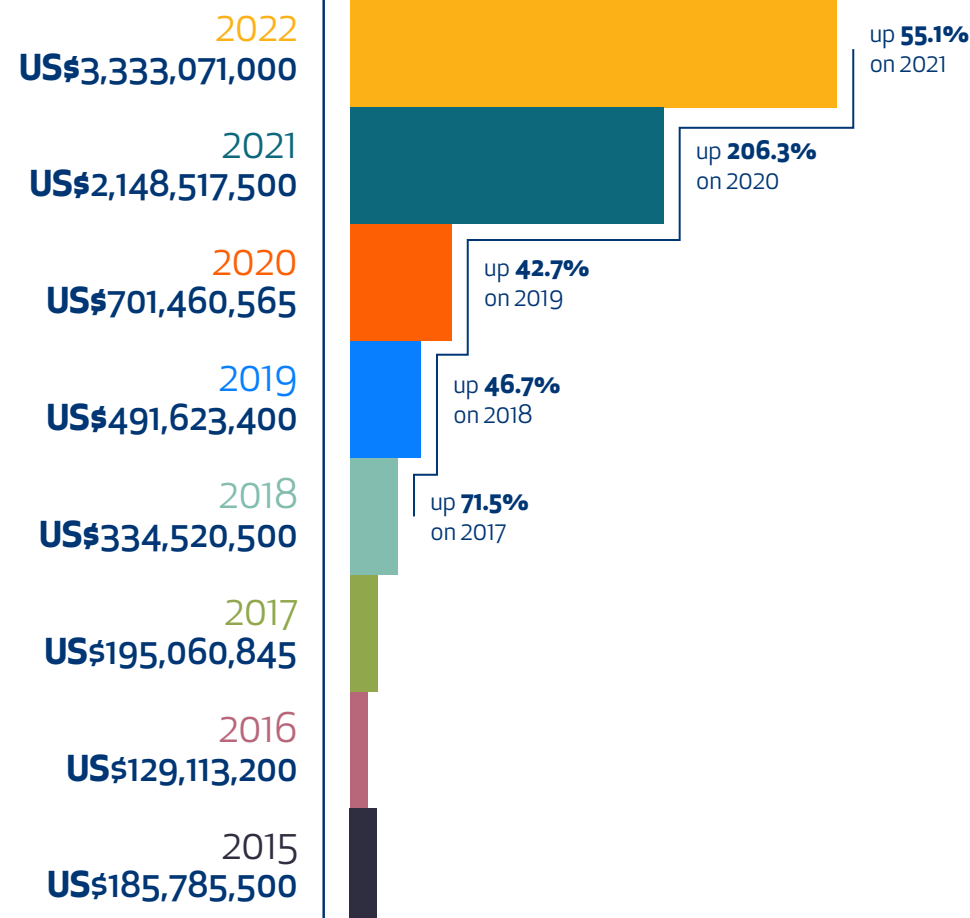


US\$91 million



US\$75 million

Total funding secured by African tech startups by year 2015-2022



OVERVIEW

Investor numbers increase, yet growth slows.

There were at least 987 different disclosed investors in African tech startups in 2022, up 216 (28%) on the 771 tracked in 2021. This is the largest amount of individual disclosed investors in any year on record.

Growth, however, is slowing here. The 2021 figure represented an increase of 108.4 per cent - more than double - the 370 disclosed investors in 2020. The numbers for 2019 and 2018 were 261 and 155 respectively.

These investors vary in shapes and sizes, with the most active being early-stage funds such as Launch Africa Ventures, LoftyInc Capital Management and Future Africa. Accelerators, both local and international, are also very active, among them the likes of Y Combinator, Techstars, Flat6Labs and Startup Wise Guys,

At later stages, there are a host of international and local VC firms active in the market, while major global investors such as Tiger Global, Sequoia Capital and SoftBank are also increasingly active. Successful African founders such as Paystack's Shola Akinlade and Flutterwave's Olugbenga Agboola are also active investors.

Number of investors in African tech startups by year

2018	155 Up 68.4% to...
2019	261 Up 42.8% to...
2020	370 Up 108.4% to...
2021	771 Up 28% to...
2022	987

The top investors in African tech startups in 2022, by number of funded startups

Launch Africa Ventures	45
Y Combinator	39
Flat6Labs	38
LoftyInc	31
Techstars	27
Startup Wise Guys	19
Future Africa	15
Plug and Play	15
Norrskan	14
Ventures Platform	13
212 Founders	12
500 Global	12
Katapult	11
Founders Factory Africa	10
Global Ventures	10
OnDeck	10



OVERVIEW

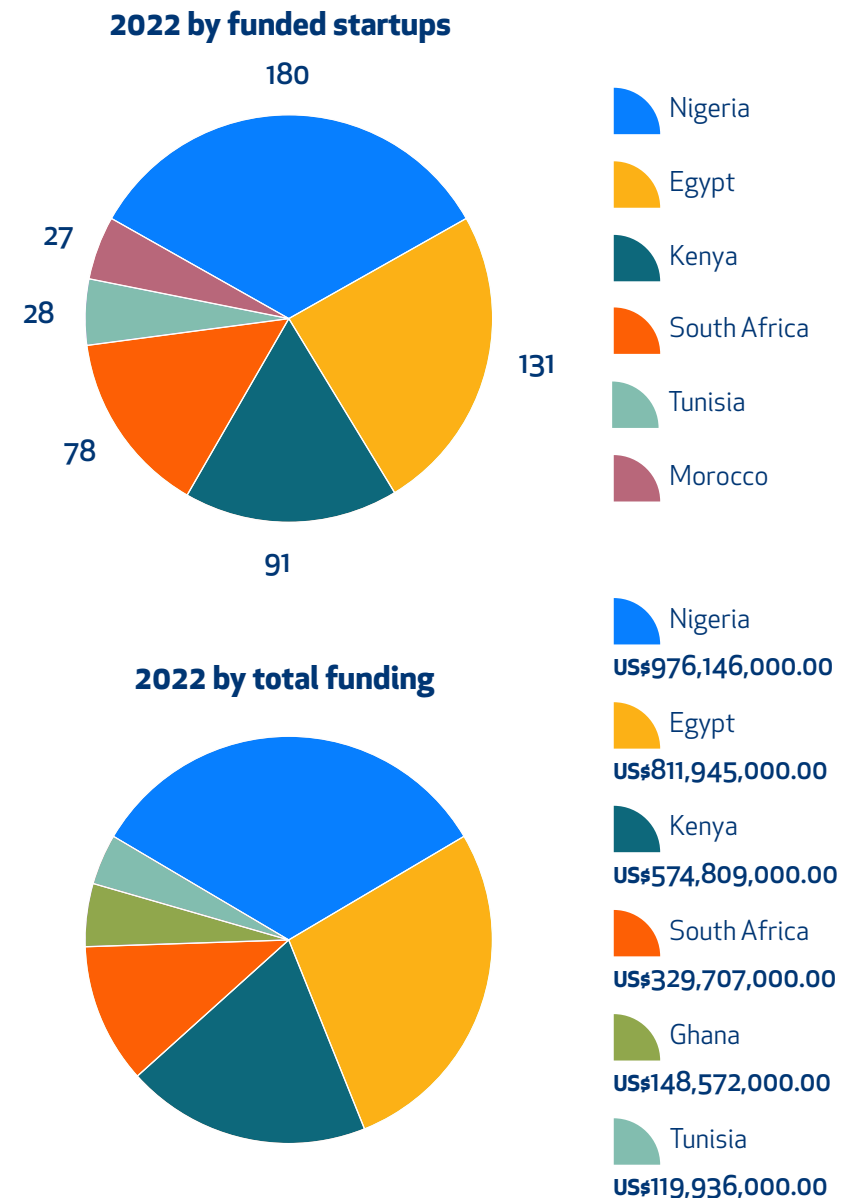
Nigeria leads the way, but “big four” share begins to decline

Nigeria was the best-funded country in Africa for the second year running, with 180 start-ups (28.4 per cent of Africa’s funded ventures) raising a combined US\$976,146,000 (29.3 per cent of the continent’s total) - substantially ahead of all other countries on both counts. In the continent’s other leading startup ecosystems, Egypt and Kenya reported decent growth, while South African funding fell from 2021.

Yet, despite a record-breaking year of funding for both Ghana and Tunisia, Africa’s “big four” remains firmly entrenched, with no sign yet that it could in any real way turn into a “five” or “six”. There are, however, signs that funding is starting to become - slightly - more evenly distributed.

Whereas in 2021, 80.1 per cent of funded ventures hailed from one of Egypt, Kenya, Nigeria or South Africa, in 2022 that declined to 75.8 per cent. Meanwhile, the proportion of total funding raised by these markets is also decreasing. In 2022, “big four” startups raised 80.8 per cent of the annual total, down from a bumper 92.1 per cent in 2021.

This is a significant development considering until 2022 the share secured by the major markets had only been rising. That 91.6 per cent secured by the big four in 2021 was up from 89.2 per cent in 2020, 87.5 per cent in 2019, and 79.4 per cent in 2018. So it is therefore gratifying that while funding in those markets - South Africa aside - continues to rise, there is enough progress elsewhere that their overall share of funding has finally started to fall.



OVERVIEW

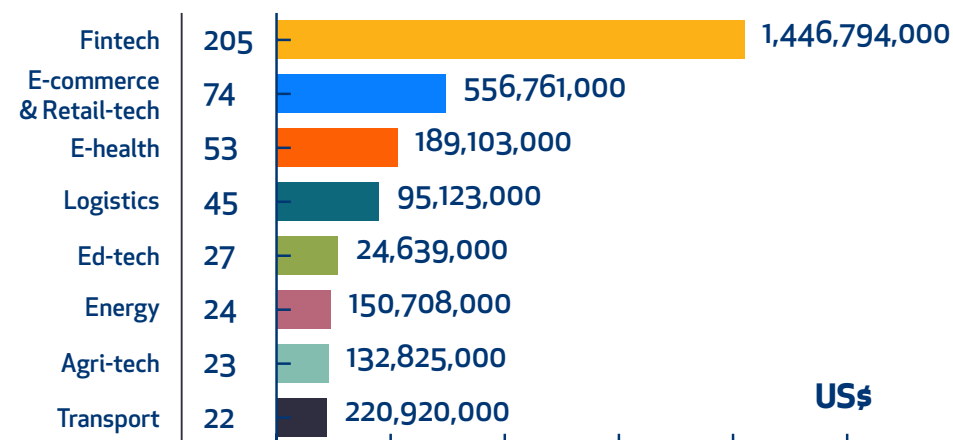
Fintech remains African tech's most powerful force, but growth is everywhere.

The fintech sector continues to power Africa's startup funding revolution, posting another record-breaking year, yet its share of total funding declined as other spaces saw serious advancements.

In all, 205 fintech startups (32.4 per cent of the total, representing an increase of 11.4 per cent on 2021 figures), raised an extraordinary US\$1,446,794,000 - 43.4 per cent of the continental total. This latter figure was up 39.3 per cent on US\$1,038,456,500, which made up 48.3 per cent of the 2021 total.

These impressive figures were once again driven primarily by Nigeria, which accounted for almost 40 per cent of startups and US\$666,392,000 (46.1%) of funding. Flutterwave (US\$250 million), Moove (US\$181.8 million) and Yellow Card (US\$40 million) were the main fundraisers. Egypt also had a strong year, with key rounds raised by MNT-Halan (\$150 million), Paymob (US\$50 million) and Khazna (US\$38 million).

African startup funding by sector, 2022

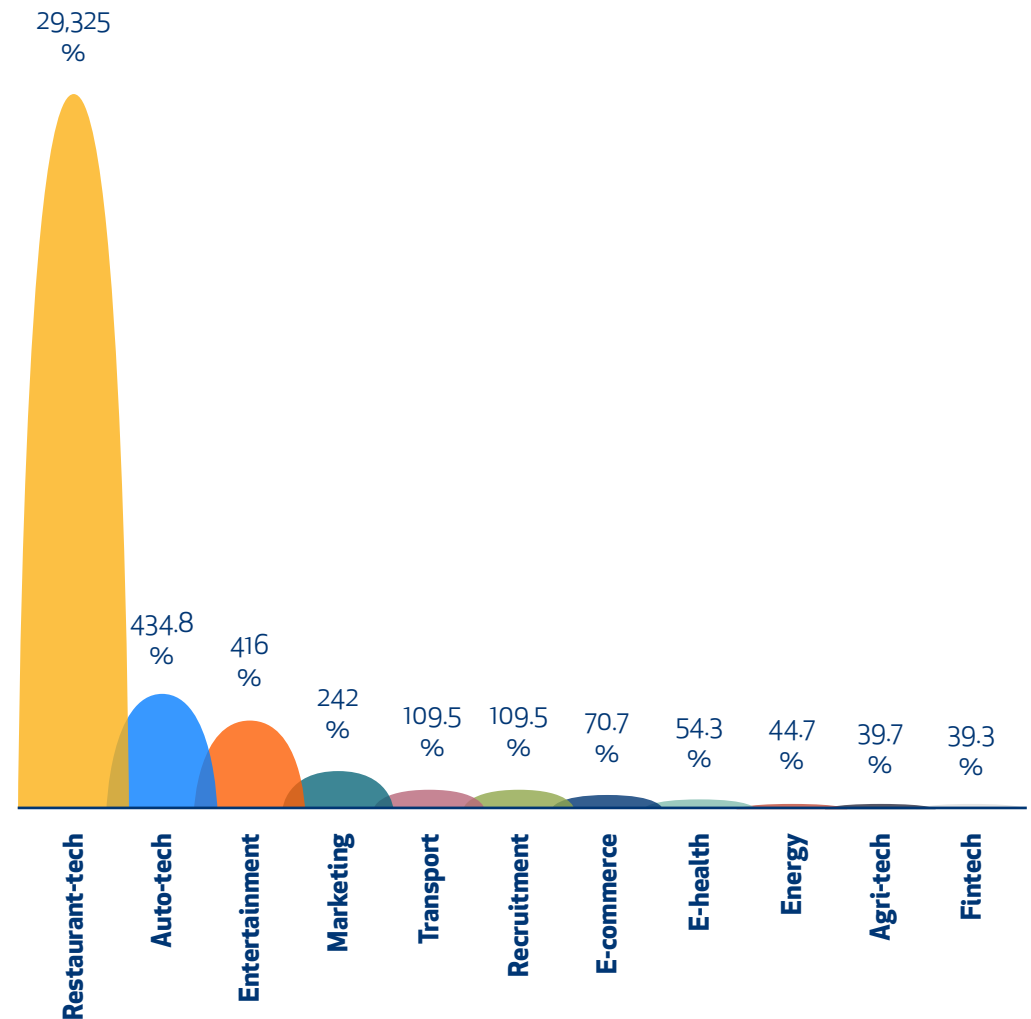


OVERVIEW

The relentless growth of Africa's fintech space should not, however, detract from positive developments elsewhere. Indeed, even though total fintech funding increased, its overall share of investment fell. Non-fintech startups still raised the majority of the capital, with many sectors enjoying bumper years. Those included nearest competitors e-commerce and retail-tech, and e-health, which are well-established in second and third place and growing at a faster rate than fintech.

In fact, 11 sectors had faster growth rates in terms of total funding in 2022, though admittedly the likes of restaurant-tech and auto-tech are developing from a very low base. Nonetheless, with funding snowballing more quickly than fintech in areas such as entertainment, marketing, transport, recruitment and agri-tech, as well as e-commerce and health, we can expect to see fintech's lead further cut in the coming years.

Fastest-growing total funding, 2022

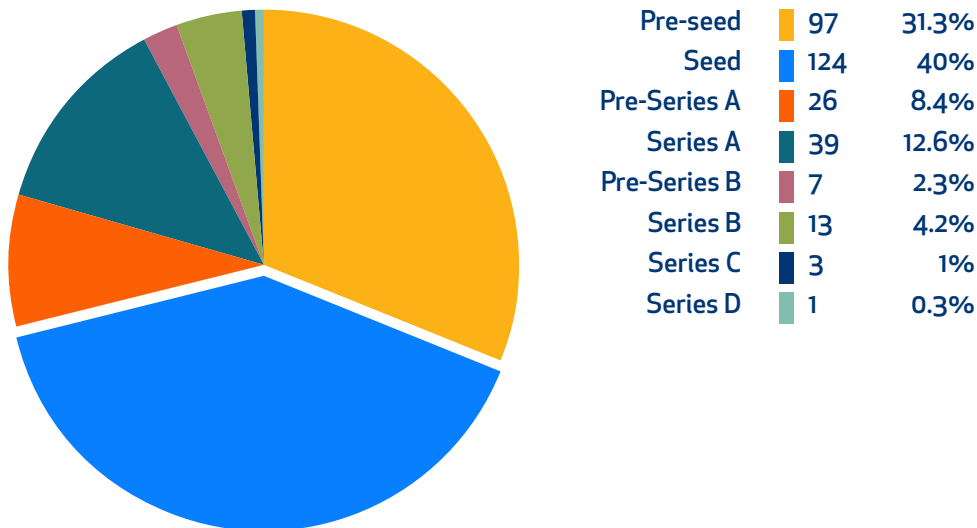


OVERVIEW

Seed and pre-seed remain key areas for an ecosystem that is still maturing.

Of the rounds raised by the 633 African tech startups funded in 2022, in 310 of them the stage of funding was disclosed. Of those 310 rounds, the majority - more than 70 per cent - were at the seed and pre-seed stage. Activity at later stages was broadly similar to in 2021, though we are seeing more investments at Pre-Series B or later.

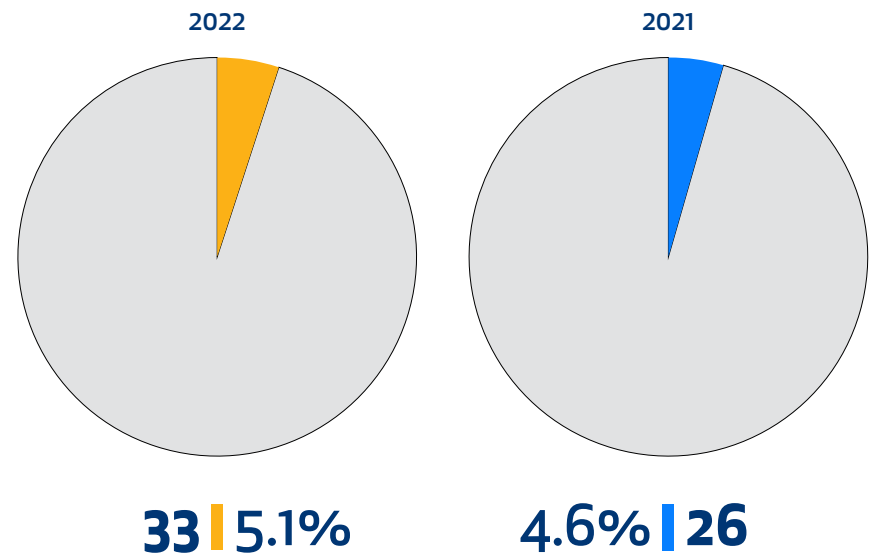
Stage at which African tech startups raised funding (from 310 disclosed)



Equity funding remains dominant.

Only 33 (5.1%) of the funded startups tracked for this publication reported any element of debt as part of any of their rounds, though this was up 4.6 per cent from 26 (4.6%) in 2021. Though later-stage startups, especially those in the energy sector, are increasingly able to take on debt funding, the perceived risk of African tech startup investments means companies remain much more likely to raise equity capital.

Number of startups to raise debt funding, 2021-2022

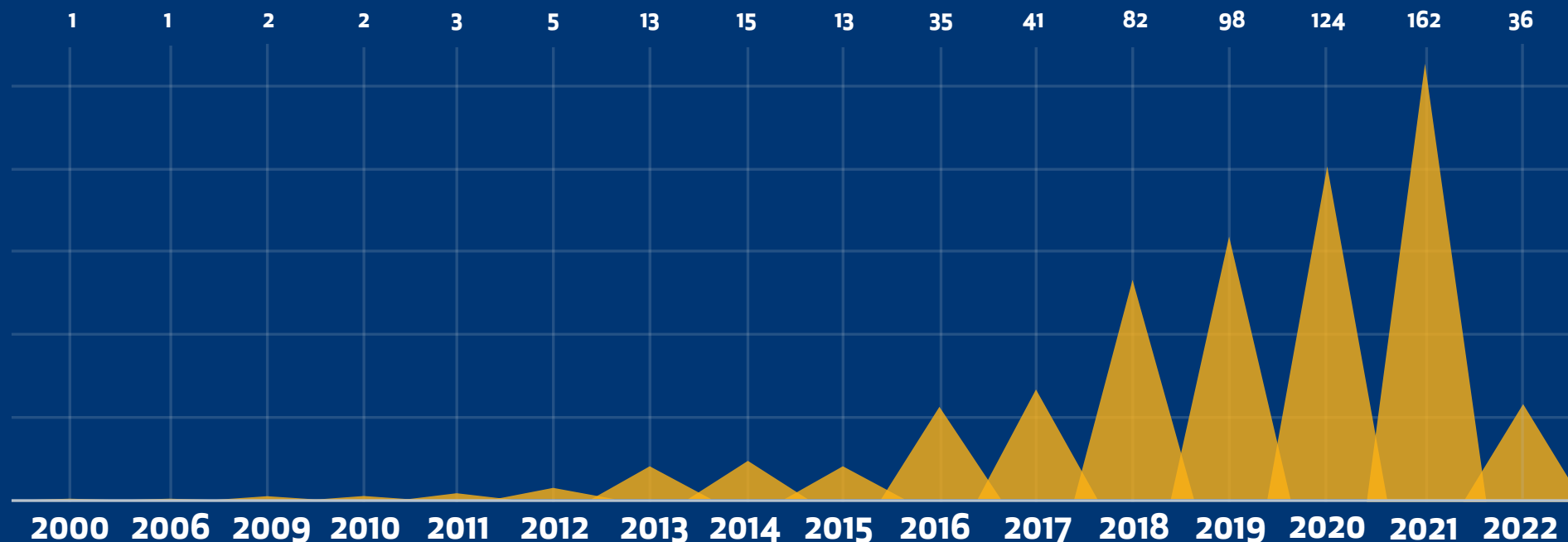


OVERVIEW

More than half of 2022's funded startups launched in the last three years.

Given the predominance of seed and pre-seed rounds, it is hardly surprising that the majority of the African tech startups that raised funding in 2022 were founded in the last three years.

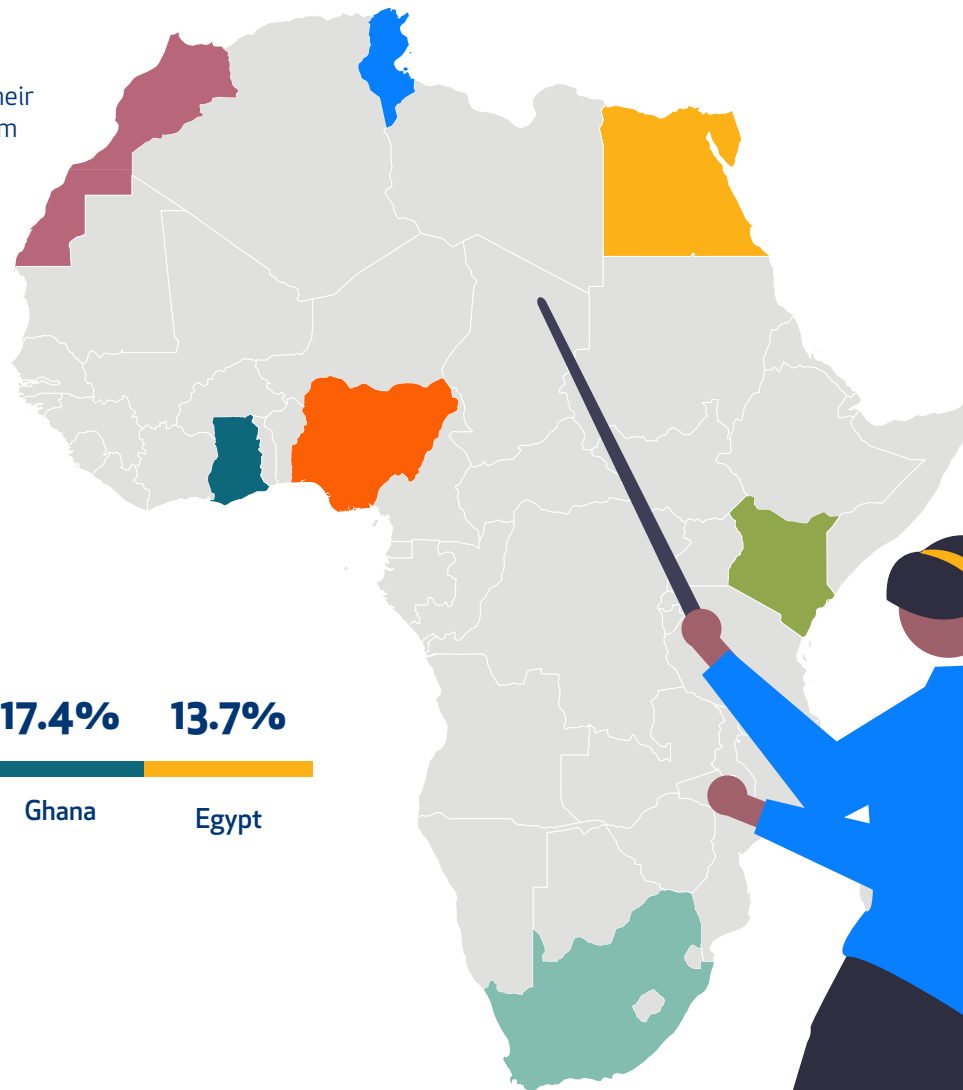
Launch dates of African tech startups funded in 2022



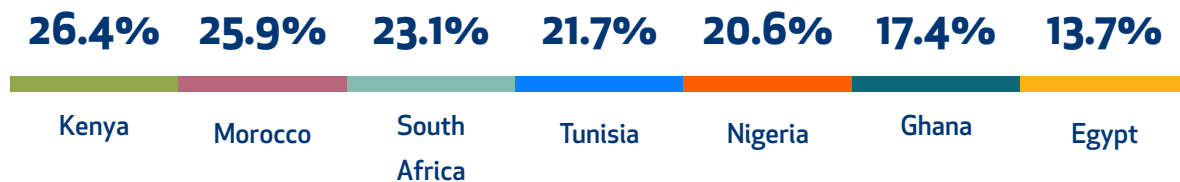
OVERVIEW

African tech's gender problem is only getting worse.

Only 128 (20.2%) of the 633 funded African tech startups have at least one woman on their founding team, which is up from 121 in 2021 but still represents a percentage decline from 21.5 per cent.



Africa's best-funded startup ecosystems by % of funded startups with at least one female co-founder (2022)



OVERVIEW

Local versus international founders.

The issue around non-African founders securing funding in Africa is well-documented, but is slowly but surely becoming less of an issue. In 2022, 600 of the 633 funded startups - 94.8 per cent had at least one local in its founding team, up from 500 (88.7%) in 2021.

Local representation, then, is growing, though 33 of the funded startups in 2022 - 5.2 per cent - were entirely founded by expats. Sixty-five (10.3%) had at least one expatriate in their founding team, down from 93 (16.5%) in 2021, while 568 (89.7%) had only local founders, up from 471 (83.5%) in 2021.

94.8 per cent had at least one local in its founding team, up from 500 (88.7%) in 2021.



OVERVIEW

Acceleration increasingly key to fundraising success.

A total of 330 (52.1 per cent) of the funded African tech startups from 2022 took part in some form of accelerator or incubation programme either prior to raising, or as part of their raise. This marks a sizeable increase from 2021, when only 213 (37.8%) of the funded ventures had done so. Growing interest in African startups from international accelerators such as Y Combinator and Techstars accounts for a large part of this percentage increase.



Jobs created by funded African startups almost double within a year.

The African tech startup ecosystem is an increasingly major employer, with the number of jobs created by funded ventures in 2022 almost doubling from 2021, in spite of the fact the number of investments made increased by little more than 10 per cent.

The 633 African tech startups funded in 2022 employed between them 34,201 people, an average of 54 per startup, at the time of their first raise of the year. This compares to 2021, when the 564 African tech startups funded employed a combined 17,915 people, an average of 32 per company.

African startup ecosystems by number of people employed by funded startups (2022)

11,153	Egypt
8,043	Kenya
6,751	Nigeria
2,691	South Africa
993	Tunisia
872	Ghana
261	Morocco

We're Hiring!

COUNTRIES

COUNTRIES

Nigeria

Nigeria held onto the crown in 2022 as the best funded country in Africa for the second year running, and with the most funded startups.

The country saw 180 startups (28.4 per cent of Africa's funded ventures) raise a combined US\$976,146,000 (29.3 per cent of the continent's total) - substantially ahead of all other countries on both counts.

But the speed of growth has slowed. In 2022, the number of startups to raise in Nigeria was up 11.8 per cent on 2021; and the total amount of funding was up eight per cent. Compare this pace of growth with the previous year, when 2021's results saw the number of startups funded rise by 89.4 per cent on 2020, and the total funding increase 501 per cent.

Whereas until a couple of years ago, the Nigerian funding landscape was characterised by a large number of ventures raising at smaller ticket sizes, in 2021 and 2022 the ecosystem has taken a turn in this regard, and the sizes of Nigerian rounds are generally trending upwards. This year's cohort produced an average ticket size of US\$5,423,033 - marginally down from US\$5,612,919 in 2021, which had been a significant leap up from 2020 when the average came to US\$1,768,918 per startup.

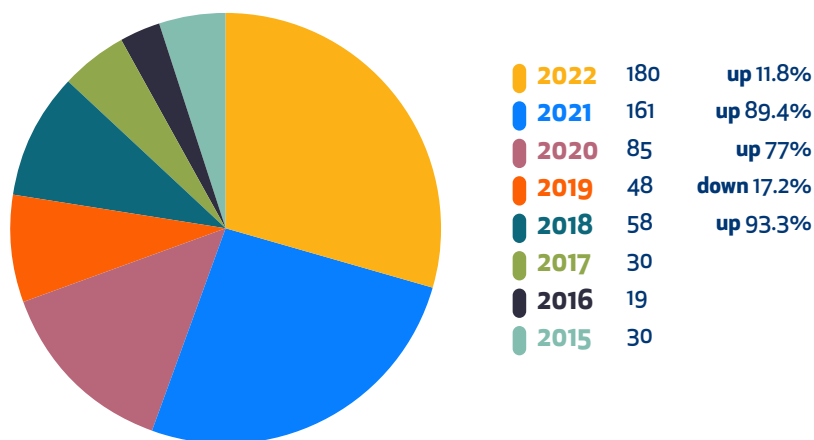
The number of Nigerian rounds exceeding the US\$1 million mark was also substantially higher in 2022, at 74, as compared to 56 in 2021.

Fintech company Flutterwave (US\$250 million), mobility fintech startup Moove (US\$181.8 million), agri-tech platform ThriveAgric (US\$56.4 million), cryptocurrency exchange Yellow Card (US\$40 million) and restaurant-tech platform Vendease (US\$30 million) were the biggest raisers.

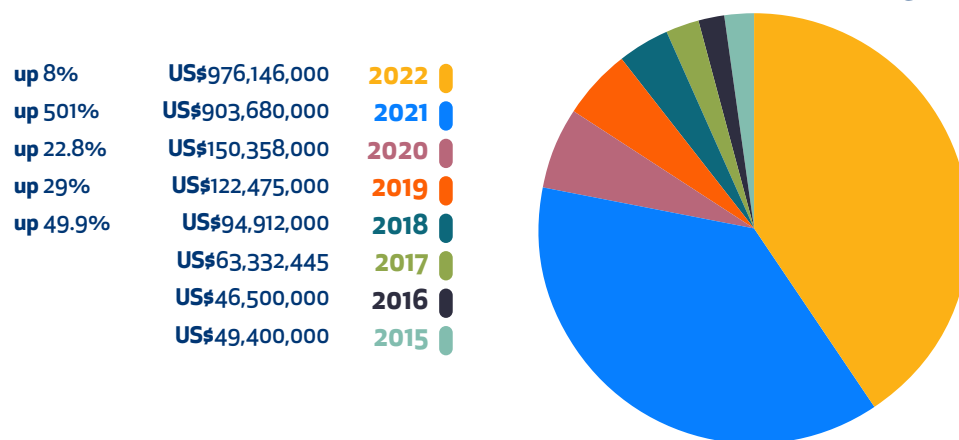
Fintech once again dominated the Nigerian market in 2022, accounting for almost half the country's funded ventures (86, 47.8%) and over half its funds (US\$536,655,000, 59.4%). Home to the likes of Interswitch, Paga, Flutterwave and Kuda, Nigeria has forged a reputation for itself in the fintech space over the years, and continues to produce quality innovations in this sector.

As in previous years, no other space comes close to a similar contribution to Nigeria's counts. The logistics space came second in terms of number of funded startups (15; 8.3%), while the e-commerce space contributed the second highest amount of funds (US\$135,036,000; 14.9%).

Growth in number of funded Nigerian startups 2015-2022



Growth in total funding secured by Nigerian startups 2015 - 2022



COUNTRIES

Beyond this, Nigeria's funded startups were spread well across most sectors. The e-commerce and retail-tech space saw 10 ventures funded (5.6%); eight apiece in the energy and e-health sectors (4.4%); agri-tech and ed-tech - seven each (3.9%); six entertainment startups gained funding (3.3%); and five prop-tech companies (2.8%).

Looking at the totals raised, beyond fintech and e-commerce the sector totals were less weighty. Energy attracted US\$65,200,000 (7.2%); and ed-tech drew in US\$55,943,000 (6.2%). The e-health space saw US\$37,605,000 (4.2%) invested; transport netted US\$35,620,000 (3.9%); and finally agri-tech - US\$23,708,000 (2.6%).

Of the 185 different rounds recorded in 2022, 97 (52.4%) disclosed at what stage the raise was at. Of those pre-seed accounted for the most (44 rounds; 45.4%), followed by seed with 35 rounds (36.1%). This reflects a similar tendency in 2021.

This year, the pre-Series A stage was more active than previously with five rounds (5.2%), while Series A (10 rounds; 10.4%) was largely similar in activity to the previous year. Series B was limited as tends to be the case (2 rounds; 2.1%) - but it should be noted that regular and multiple rounds at this stage each year does actually signal a certain maturity and reliability of the Nigerian ecosystem.

In 2022, we also had a Nigerian Series D (1; 1%) - an admitted rarity - and the only Series D of the year across Africa.

Only nine of the 180 startups raised any form of debt funding (5%), which is a marginal increase on 4.3 per cent in 2021.

Looking at gender representation, Nigeria's figures are in line with continental averages - 37 of the funded startups in 2022 (20.6%) had at least one female co-founder. This is down from the 24.2 per cent of the startups funded in 2021.

Ninety-five (95) per cent (171 startups) had a local co-founder, which is up from 91.3 per cent in the previous year's data; while 16 (8.9%) had an international one, down from 13.7 per cent in 2021.

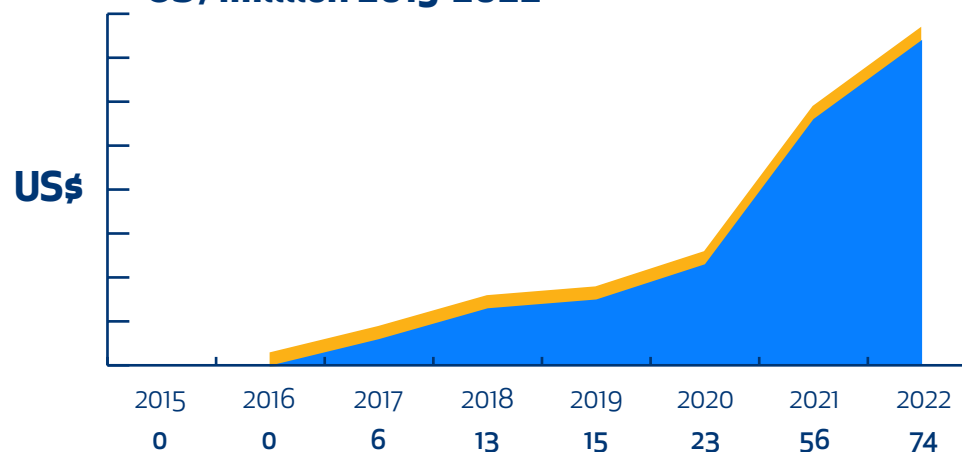
Accelerator participation remains popular, with 109 of this year's funded ventures (60.6%) having been accelerated at some point in their lifespan, up from 66 (41%) in 2021.

Nigeria's funded startups between them employ 6,751 people - increasing from 5,446 in 2021 - bringing this year's average to 38 per startup.

It has been another very big year for Nigeria, with some very big rounds, especially in the fintech space. While until a few years ago South Africa tended to be viewed as the leading ecosystem on the continent, Nigeria definitively took the crown in 2021, and pulled ahead in 2022. Indeed, no other African country has raised more tech startup funding since Disrupt Africa records began in January 2015.

This success must in part at least be attributed to the fact that Nigeria has a very active homegrown local investor community, which sees established entrepreneurs return to make their own angel investments as well as local VC firms supporting startups on the ground in their home market. This local network is a key positive characteristic of Nigeria's ever-developing ecosystem.

Nigerian funding rounds exceeding US\$1million 2015-2022



COUNTRIES

Egypt

Egypt has enjoyed a meteoric rise in the funding stakes in the past couple of years, and in 2022 it held on to second position both in terms of number of funded startups and total amount secured.

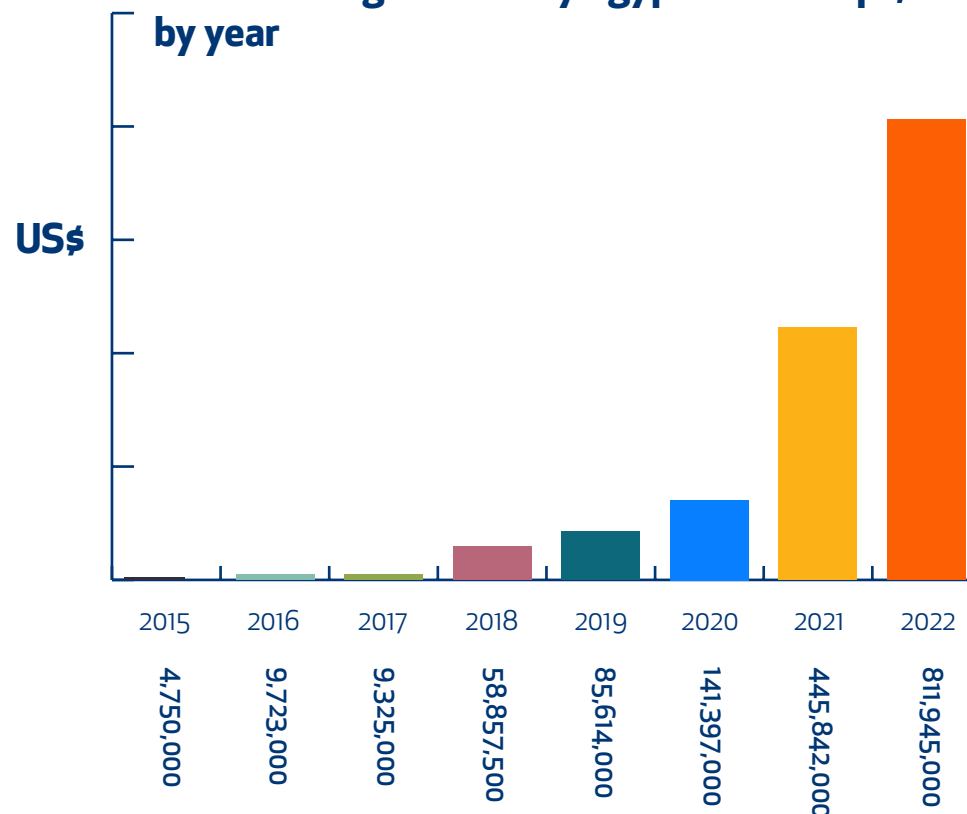
The country saw 131 startups (20.7 per cent of Africa's total) raise a combined US\$811,945,000 (24.4 per cent of continent's total) - figures placing Egypt comfortably ahead of all other countries save Nigeria.

These numbers continue Egypt's recent stellar performance which began in earnest in 2019 when it recorded the highest number of funded startups, alongside a jump in funding as compared to its own previous figures. Since then, the country has shot further up the rankings, initially bringing in the continent's fourth largest sums for a couple of years, before settling in second place last year and retaining this spot again in 2022.

Looking at the number of funded startups, the growth has been steady year-on-year post-2019, when Egypt witnessed a boom in the amount of ventures backed. But the real growth story has been the totals secured each year. The US\$811,945,000 raised in 2022 was up 82.15 per cent on the US\$445,842,000 recorded in 2021; which in turn was an increase of 215 per cent on the 2020 total of US\$141,397,000. That was a 65 per cent hike on US\$85,614,000 in 2019. The growth trajectory has been impressive.

The average raised per startup leapt to US\$6,198,053 in 2022; and Egypt saw 68 rounds exceeding US\$1 million. Some of these were real mega rounds led by major regional and global VC firms, which goes some way to explaining the unusually high average ticket size. The Egyptian average was higher than any other top four country this year.

Total funding secured by Egyptian startups, by year



COUNTRIES

Fintech was the dominant sector in 2022, which is unusual for Egypt where there has been much less hyper-focus on fintech than in other major markets. There were 26 funded fintechs (19.8 per cent of Egypt's backed startups). E-commerce and retail-tech, typically Egypt's dominant sector, fell to second spot this year, with 23 funded companies (17.6%).

These two sectors also led in terms of total funding amount. Fintech was way ahead, contributing US\$401,730,000 - almost half of Egypt's annual funding (49.5%). E-commerce and retail-tech was second, with US\$129,210,000 (15.9%). Beyond these two sectors Egypt's funding is relatively evenly spread.

Of 132 different rounds, 83 (62.9%) declared what the stage was. Of those, seed was the most prevalent with 35 rounds (42.2%); followed by pre-seed (26 rounds; 31.3%). As with elsewhere on the continent, Egypt remains an early-stage ecosystem, with more than 70 per cent of rounds at the seed or pre-seed level.

There were also nine Series A rounds disclosed (10.8%), and five each in the pre-Series A and pre-Series B stages (6% each). Three Series B rounds complete the list (3.6%).

Only five of the 131 funded startups raised any form of debt this year (3.8%) - this is higher than the 1.7 per cent in 2021, but below the continental average.

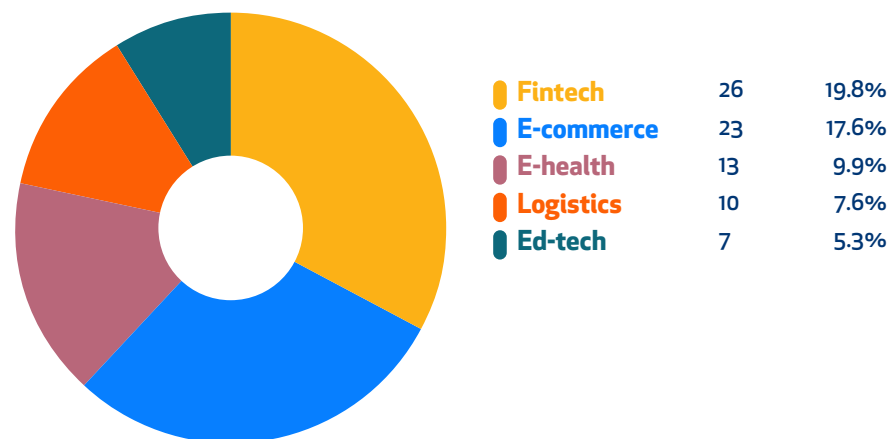
Meanwhile, whereas as recently as 2019 for more than 40 per cent of funded Egyptian startups the only source of funding was a small amount raised from participating in an accelerator programme such as Misk500, Startupbootcamp Fintech, or Flat6Labs, this is emphatically no longer the case, with some mega rounds raised from global VC organisations among those listed in Egypt this year.

Egypt does not perform so well in terms of gender representation, with just 18 funded startups having at least one female co-founder (13.7%). All but two startups have a local co-founder, while only two have an international co-founder.

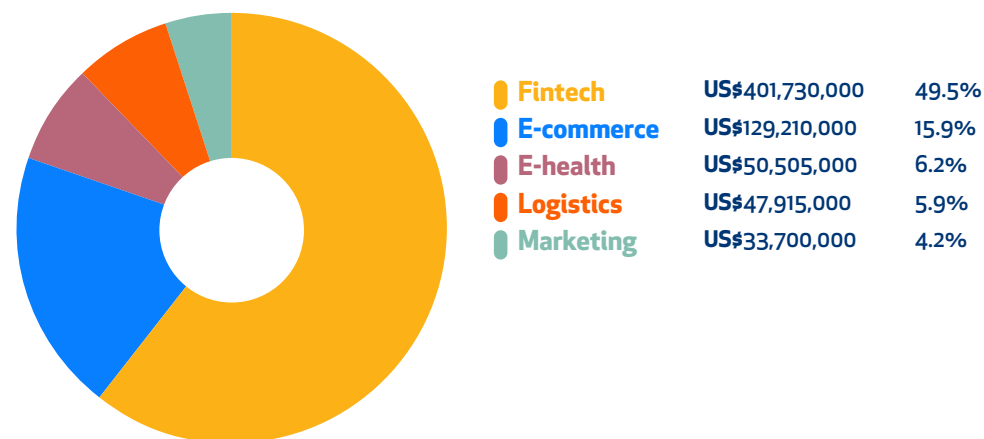
Acceleration is common amongst funded Egyptian startups, with 64 (48.8%) of the funded startups having been accelerated at some point. The startups employ between them 11,153 people - an average of 85 per company.

The Egyptian ecosystem continues to develop at a pace. Whereas as recently as 2019 the country was characterised by a couple of mega-rounds pinning up the market amidst a handful of smaller ticket sizes, the last couple of years has seen an opening out of the funding space resulting in a more balanced spectrum of rounds - ranging from continent-leading mega rounds, a solid middle ground, and plentiful support for early-stage ventures.

Egyptian funded startups, top 5 sectors



Egyptian total funding, top 5 sectors



COUNTRIES

Kenya

Kenya had a strong year in 2022, placing it firmly in third position both for number of funded startups and for total amount of funding.

Ninety-one (91) startups were backed in Kenya (14.4 per cent of Africa's total), and combined they secured US\$574,809,000 - 17.2 per cent of the continent's funding.

The number of funded startups was up only marginally, by 4.6 per cent, on 2021 - as elsewhere on the continent, the growth in the number of startups receiving investment has slowed in 2022.

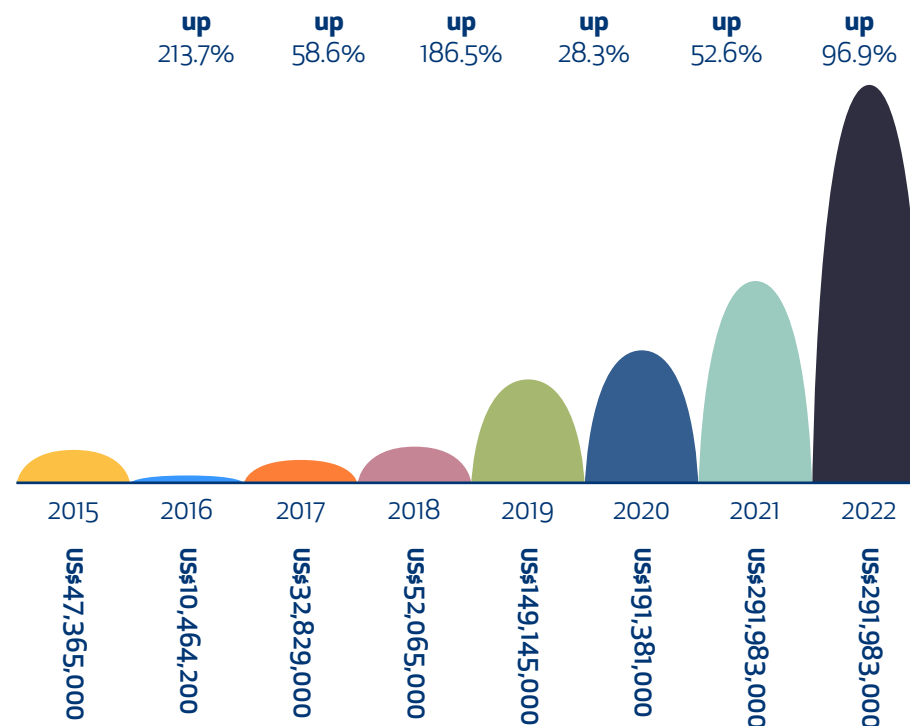
However, the total amount of funding Kenyan startups secure yearly is snowballing. The US\$574,809,000 raised this year is up 96.9 per cent on the 2021 total of US\$291,983,000. That in turn was up 52.6 per cent on the year before (US\$191,381,000); and 2020's total was 28.3 per cent higher than the preceding year.

The country's average ticket size was US\$6,316,582 - up from US\$3,356,126 in 2021. The number of rounds in excess of US\$1 million also paints a pleasing picture in Kenya, and has risen substantially over the years as confidence in the country's ecosystem booms. In 2022, there were 49 such rounds, up from 35 the previous year.

On a sector view, Kenya has some interesting trends. The top sectors in terms of number of startups backed do not correlate with those sectors to receive the most total funds. For number of funded ventures, fintech was the leading space, with 26 startups backed (28.6%). E-commerce and retail-tech was in second place with 16 startups (17.6%). The e-health, energy, and logistics sectors all performed relatively well also.

In terms of money raised, however, e-commerce and retail-tech was the standout favoured space, contributing US\$239,996,000 - 41.8 per cent of Kenya's total. The energy sector raised US\$128,000,000 (22.2%); while fintech came in substantially behind with US\$59,804,000 (10.4%), only narrowly beating agri-tech with US\$51,400,000 (8.9%).

Growth in total Kenyan funding by year



COUNTRIES

Fintech takes a far lower share of funds in Kenya as compared to the likes of Nigeria, and the prevalence of large-raising energy firms, as well as a booming retail-tech space means Kenya's sector-view is quite unique as compared to other big-four markets.

Of 91 rounds, the stage of funding was disclosed for 42 (46.2%). Of those seed was most prevalent, at 20 rounds (47.6%). Pre-seed accounted for 26.2 per cent (11 rounds). There were three rounds reported in each of the pre-Series A, Series A, and Series B stages; and two Series C rounds. As with everywhere on the continent, Kenya remains an early-stage ecosystem, although the solid number of later stage rounds account for a higher percentage of the country's rounds than elsewhere.

Six startups (6.6%) raised some element of debt funding - a small number as in most markets. The perceived risk of debt-based transactions hasn't gone away yet, especially in this economic climate.

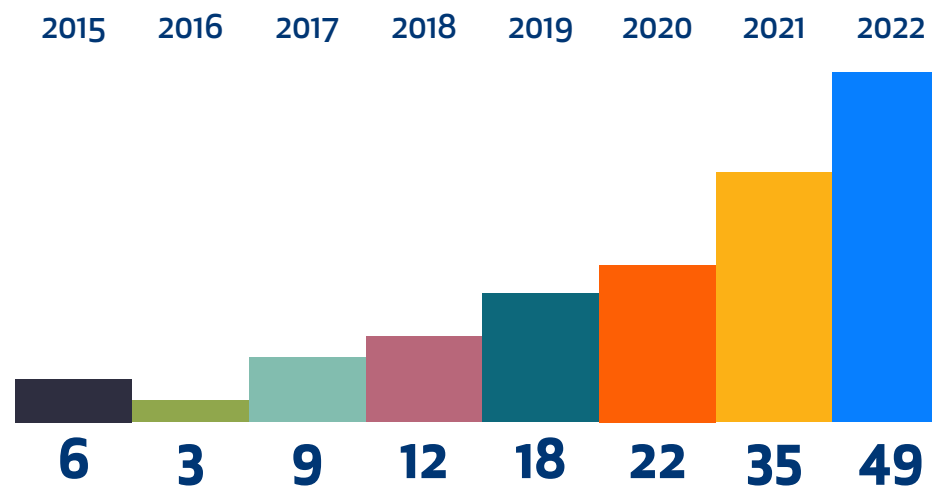
Kenya performs relatively well for gender representation, with 24 ventures (26.4%) having at least one female co-founder. This is better than the African average, but it is down from the previous year's figure when 28 listed startups were headed up by female co-founders (32.2%).

Local founders are listed at 73 (80.2%) of the Kenyan startups, up from 63 (72.4%) in 2021. Kenya has a higher than average prevalence of international founders, at 27 startups (29.7%), although this is substantially down from 42.5 per cent in 2021.

Number of US\$1 million+ rounds in Kenya, by year

Forty of the funded startups (44%) have taken part in an accelerator at some point in their lifecycle; and among them the startups employ 8,043 people - an average of 88 per startup.

As one of the early startup markets in Africa, Kenya holds a steadfast place at the forefront of the continent's startup landscape, meandering between the top four positions year-by-year. After a couple of years in the doldrums as compared to other leading ecosystems, the country has been on the rise again from a funding perspective, especially in comparison to South Africa. Its pleasing combination of local, international and accelerator capital mean that while it may now have been forever overtaken by Nigeria and Egypt as a funding destination, it remains a key outpost in Africa's thriving startup economy.



COUNTRIES

South Africa

Once the wonder child of African startup funding, South Africa declined year-on-year, both in the number of startups receiving investment, and in the total amount of funding raised.

Seventy-eight (78) startups secured backing in 2022 (12.3 per cent of Africa's funded ventures), together raising US\$329,707,000 (9.9 per cent of Africa's total). These statistics see South Africa fall to fourth position on both measures.

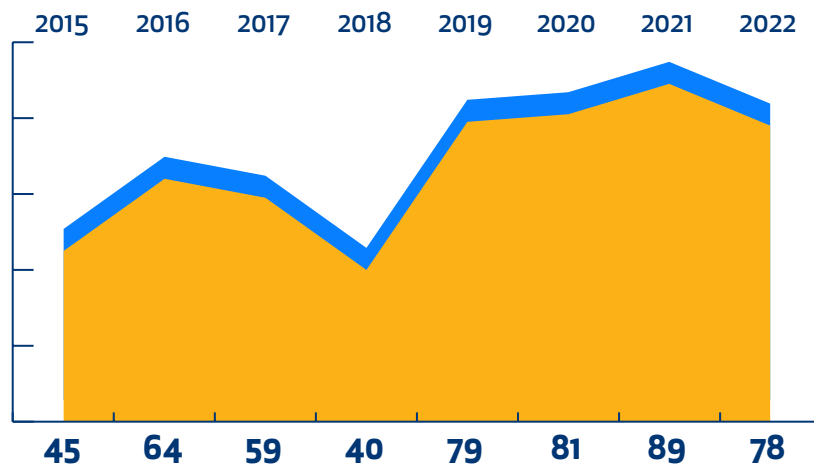
The 78 startups to raise funding represented a decline of 12.4 per cent on the previous year, and the US\$329,707,000 they netted was down two per cent on the total of US\$336,405,000 achieved in 2021. Prior to this year, the total amount of funding in South Africa had been growing nicely year-on-year, and 2022 marks the first time the country's numbers have failed to increase, never mind gone into decline.

Fintech continues to be the dominant sector in South Africa, however, its lead is in general being squeezed, with other sectors gaining ground year-on-year. In 2022, there were 28 fintechs to receive investment (31.5%); they raised a combined US\$132,582,000 (40.2%).

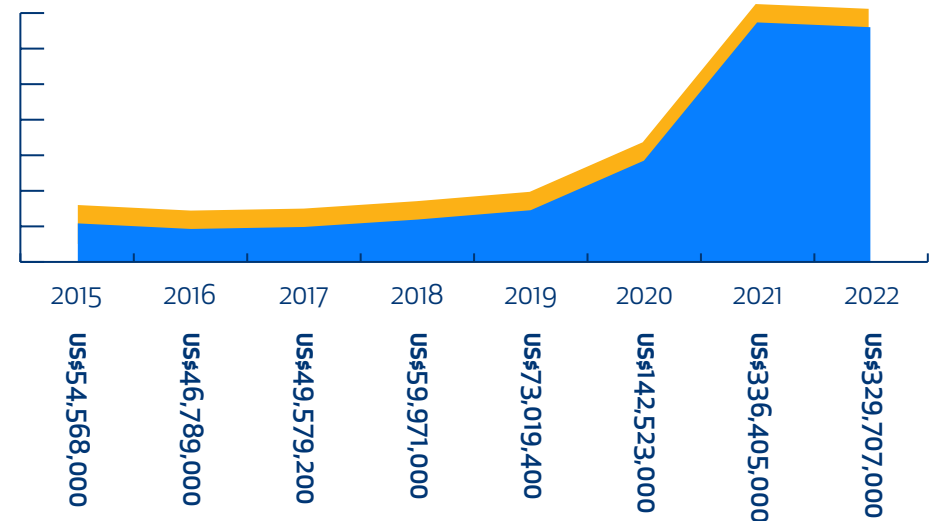
Beyond fintech, South Africa sees activity spread across a broad span of sectors. When it comes to the number of startups backed, this year the e-health sector and the AI sector both stood out, with 14 (15.7%) and eight (9%) ventures funded respectively. On a total funds view, e-commerce and retail-tech was the only other remark-worthy sector, collecting US\$97,750,000 (29.6%), while other investments were spread around sectors.

The average ticket size in South Africa was nonetheless up as compared to the previous year, at US\$4,227,013, speaking to a higher number of larger ticket sizes. This is borne out by the data around stages of rounds. Of 78 rounds, 33 (42.3%) were disclosed stage-wise, and although the largest number of rounds fell into the seed category (14 rounds; 42.4%), a further quarter of the investments were Series A (eight; 22.2%). This is a higher proportion than any other market, and points to the later-stage of many of South Africa's leading ventures as compared to other ecosystems. That being said, the overall majority of rounds in 2022 were still at the early stage.

Number of funded South African startups, by year



Total funding raised by South African startups, by year



COUNTRIES

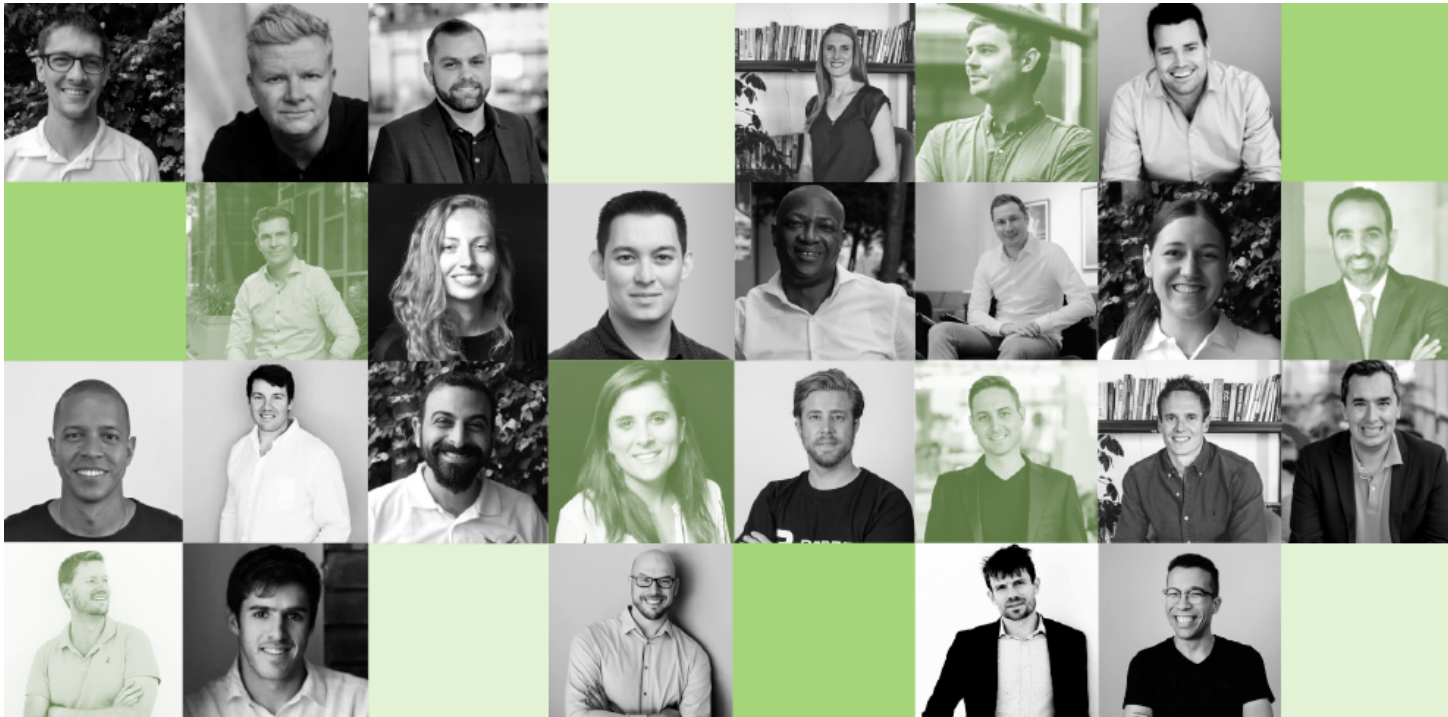
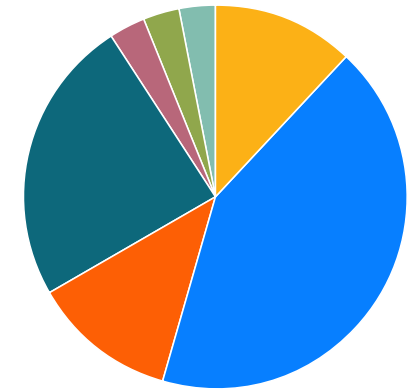
The country's gender representation is middling, with 18 ventures having at least one female co-founder (23.1%). All of the funded startups have a local co-founder, while only two (2.6%) have an international co-founder.

Acceleration is less common amongst funded South African ventures than elsewhere, with 25 companies having participated in a programme at some point (32.1%). The listed startups together employ 2,691 employees - an average of 34.5 per startup.

It has been a disappointing year for South African funding, and reflects a general dwindling in the ecosystem of late which has seen the country nosedive from the leading market on the continent to fourth place, truly overshadowed by the vibrancy and enthusiasm of places like Nigeria and Egypt. South Africa does have its merits, such as the higher prevalence of mid and later-stage funding, but the country's ecosystem could do with a renewed burst of energy that is unlikely to be forthcoming given prevailing macro-economic conditions within the country.

South African funding rounds by disclosed stage of investment

Pre-seed	4	12.1%
Seed	14	42.4%
Pre-Series A	4	12.1%
Series A	8	22.2%
Pre-Series B	1	3%
Series B	1	3%
Series C	1	3%



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COUNTRIES

Ghana

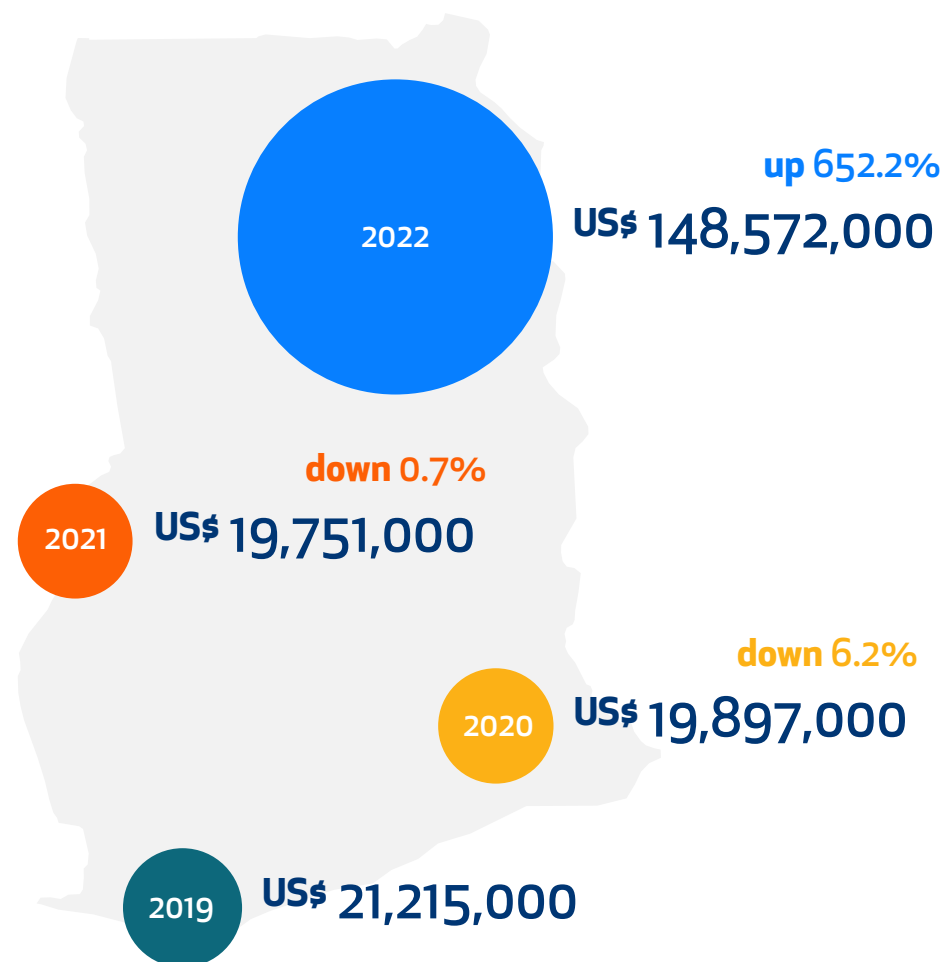
Traditionally the “best of the rest”, Ghana had a mixed year in 2022. Typically to be found in fifth position in terms of funded startups, it fell to seventh place on this measure, with 23 startups backed (3.6%). And while Ghana has held fifth position for total funding amount for the past four years running, this year it was pushed to sixth (by Algeria), with its startups raising a combined US\$148,572,000 (4.5%).

While these numbers have caused Ghana to fall in the rankings, they both, but particularly the total funding amount, compare favourably with its own performance last year. The number of backed startups grew by 27.8 per cent on 2021; and the 2022 total represents an impressive increase of 652.2 per cent on the previous year’s total of US\$19,751,000. So Ghana is growing, and at quite a pace.

In the last edition of this report, Ghana seemed quite a stagnant tech market, with slightly more startups raising slightly less amounts of funding. There was no real sign of major ecosystem development from an investment perspective. That changed in 2022, and the country had its record year for total funding raised. This also led to the average ticket size leaping to US\$6,459,652, from US\$1,097,278. There were 10 rounds in excess of the US\$1 million mark.

After years of no real trend in sector preferences, in 2021 fintech emerged as the clear leader in Ghana, accounting for 44.4 per cent of funded startups and 51.4 per cent of total funding (US\$10,143,000). This trend continued into 2022, when fintech accounted for 52.2 per cent of funded startups (12), and contributed US\$96,063,000 (64.7%) to the pot. The sector set the stage for some of Ghana’s big rounds of the year - Dash (US\$32.8 million), Fido Credit (US\$30 million), Float (US\$17 million) and Zeepay (US\$10 million).

Total Ghanaian startup funding, 2019-2022



COUNTRIES

Only seven (30.4%) of the 23 rounds disclosed their stage, revealing one pre-seed, three seed, one pre-Series A, and two Series A rounds. The sample size is too small to draw any real conclusions, other than that there is some activity across the early and later stages of the funding cycle. Three rounds (13%) involved any kind of debt funding, up from two (11.1%) in 2021.

Four startups (17.4%) had a female co-founder, the same number as in 2021 but a percentage decline that took it below the continent's average. Seventeen (17) of Ghana's funded startups (73.9%) had a local co-founder, and five (21.7%) had an international co-founder.

A high proportion of Ghana's funded ventures have taken part in an accelerator - 13 startups (56.5%). The funded companies employ 872 people between them, coming to an average of 40 per startup.

The early-stage nature of the ecosystem in Ghana has generally meant early-stage investors and accelerators rule the roost, yet the entry of larger-scale VC firms and the development of several fintech and e-health startups into pre-Series A and Series A companies has seen significant growth in funding over the last 12 months. Given the slow development of recent years, it is too early to say if this is a new trend, but there are new reasons for optimism from an investment perspective in Ghana.



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COUNTRIES

Tunisia

Tunisia had a strong year in 2022, with 28 startups securing backing (4.4 per cent of Africa's funded startups), up 86.7 per cent from 15 in 2021. This figure puts Tunisia in fifth place for number of funded ventures on the continent.

The country's startups raised an impressive US\$119,936,000 (3.6 per cent of Africa's total) - growth of 403 per cent from the US\$23,850,000 (1.1% of total) secured in 2021. Tunisia's growth is speeding on this measure - the 2021 total had already represented growth of 514 per cent on the previous year.

However, Tunisia's headline figures are most often accounted for by a single mega-round. In 2022, it was AI company InstaDeep that contributed most of the country's funding total with its US\$100 million raise.

There is no particular trend sector-wise. Fintech was most populated with five startups backed (21.7%), but the InstaDeep round made AI/IoT the biggest sector for total funding.

Six round stages were disclosed (26.1%) - one pre-seed, two seed, one pre-Series A, one Series A, and one Series B. Again, this sample is not big enough to draw conclusions other than to note that there is activity across the funding lifecycle. All were equity investments.

Early-stage investors and accelerators are most active in Tunisia - notably, Flat6Labs accounted for 20 of the 28 investments. It should be highlighted though that the InstaDeep round saw some serious institutional investors back a Tunisia-founded venture, proving funding in the country is not limited to local early-stage players, yet this may yet prove a special case.

Five of the Tunisian startups (21.7%) have female co-founders, and all had local founders. Only one has international founders.

A very high proportion of the Tunisian funded startups have been accelerated - 23 companies (82.1%) - although this figure is impacted by the fact that the key investors in the country are accelerators. Tunisia's startups employ 993 people, 35 per startup.



In 2022, it was AI company InstaDeep that contributed most of Tunisia's funding total

US\$ 100,000,000

COUNTRIES

Morocco

Morocco's tally of startups attracting funding is progressing in leaps and bounds, and in 2022 there were 27 backed companies (4.1% of African total). This is up 80 per cent from 15 in 2021, and ultimately lands Morocco in sixth place on this measure.

The total funding data tells a different story however, with the overall amount of funding declining, and more than half of the total accounted for by one accelerator programme, 212 Founders.

The total for 2022 was US\$10,688,000 (0.3% per cent of total), down 62.4 per cent from US\$28,420,000 in 2021. Morocco has enjoyed a run of exciting increases to its funding totals over the past few years, so this year's data brings that run to an unfortunate end.

E-commerce and retail-tech proved dominant in Morocco in 2022 - eight of the 27 rounds were in this space. It also secured the most funds, with US\$5,232,000. The rest was spread out across multiple sectors.

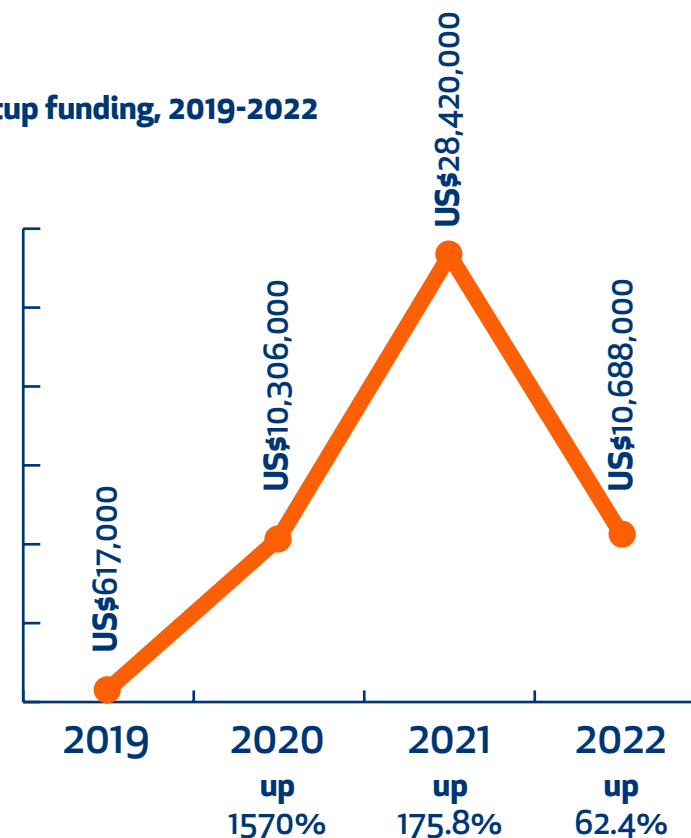
Seven rounds saw their stages disclosed, and showed a tendency towards the early stages. There were two pre-seed, three seed, one pre-Series A, and one Series A rounds. All were equity deals.

Seven Moroccan ventures have female co-founders (25.9%), and all have local co-founders. Only one has an international co-founder.

Again, the Moroccan investees showed a high rate of accelerator participation (20 companies, 74%), but given the high involvement of the 212 Founders programme in investments this year, this is unsurprising. The funded companies have 261 employees among them, an average of 10 per startup.

Tunisia and Morocco both make regular appearances in the funding headlines, have active ecosystems, and in spite of the odd Tunisian mega round have remarkably similar ecosystem profiles. They are, however, in their relative early days, but they do see encouraging growth, sustained interest and activity, and only time will tell as to where in the rankings they ultimately settle once their ecosystems have unfolded a little more.

Moroccan startup funding, 2019-2022



COUNTRIES

Rest of Africa

Startups raised funding in 27 African countries in 2022. This figure grows gratifyingly each year, and speaks to the continent-wide boom in startup activity and funding. Each year there are more startups in more markets securing backing, as investors grow in their confidence in Africa, and as local investors get the ball rolling in new ecosystems.

The "big four" markets are seeing their share decline year-on-year, as the rest of Africa takes on a more active role in the funding landscape. In 2022, 480 funded startups (75.8%) were based in the big four countries. This is down from 80.1% in 2021.

The proportion of total funding contributed by the big four markets is also decreasing. In 2022, startups based in Egypt, Kenya, Nigeria and South Africa raised a combined US\$2,692,607,000 - 80.8 per cent of the US\$3,333,071,000 annual total. This percentage is far down from 2021, when the big four's share was a bumper 92.1 per cent.

Taking into account Ghana, Morocco and Tunisia, these seven nations accounted for 558 startups (88.2 per cent of funded ventures) in 2022, down from 88.7% in 2021. They raised US\$2,971,803,000 - 89.2 per cent of total funding, down from 95.2 per cent in 2021.

Seventy-five (75) startups from 20 additional markets secured backing.



Number of African markets recording investments

Seventy-five (75) startups from 20 additional markets secured backing



COUNTRIES

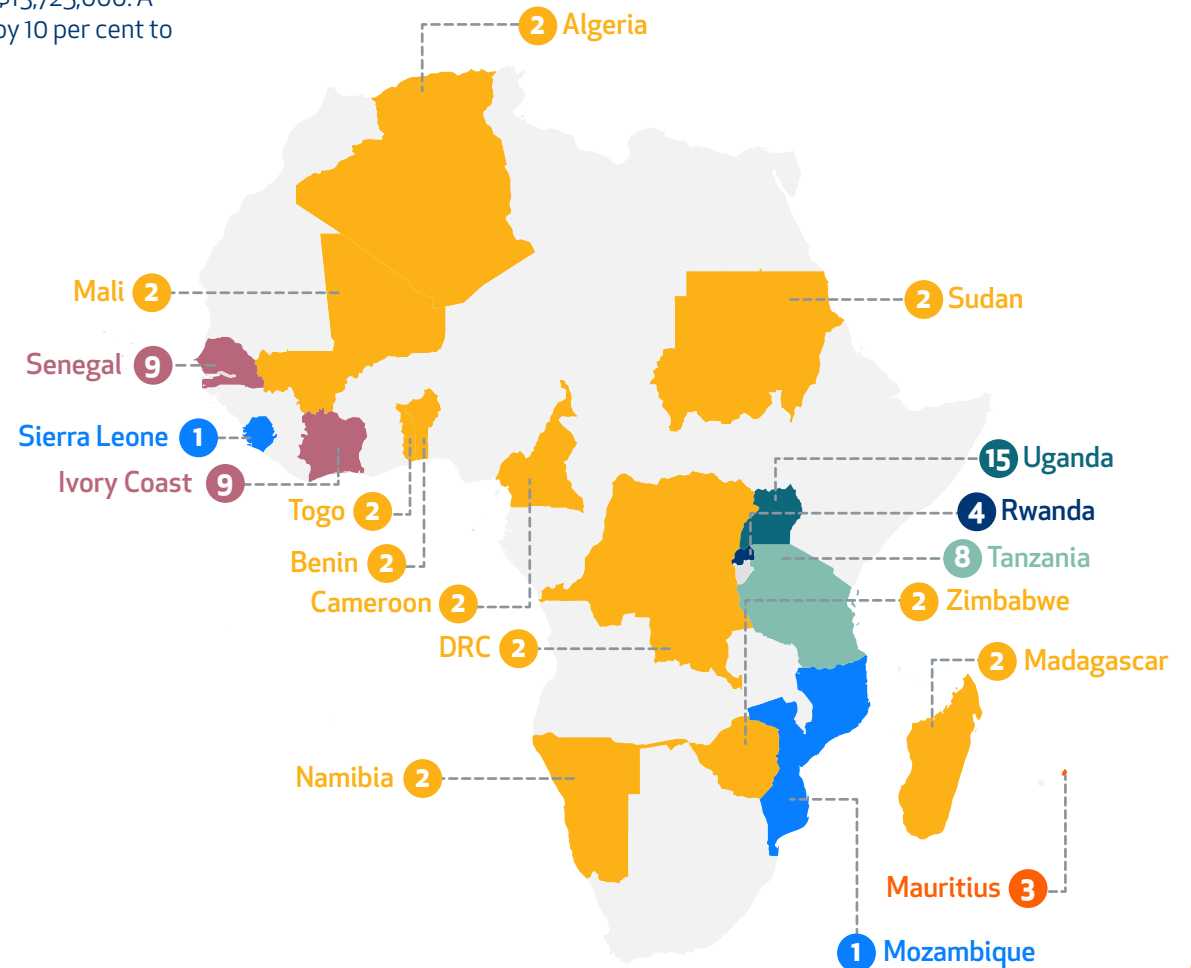
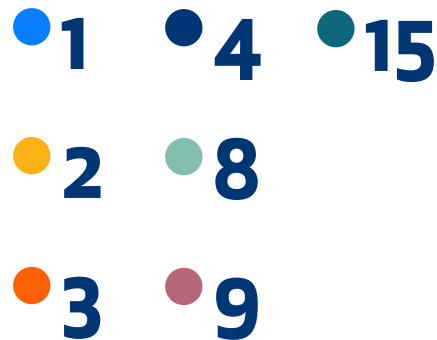
Worth particular mention, 15 startups from Uganda raised US\$69,314,000, up 964.3 per cent from US\$6,512,500 in 2021 (raised by 11 ventures).

Tanzania grew its number of funded startups from one to eight, and funding shot up to US\$42,917,000, although this was mostly accounted for by a single startup - retail-tech platform Ramani.

Ivory Coast saw funded startups decline by 10 per cent to nine, but between them they raised US\$16,028,000, up 16.8 per cent from the previous year's total of US\$13,725,000. A similar story panned out in Senegal, where the number of startups also fell by 10 per cent to nine, but total funding grew 135 per cent from 2021 to hit US\$7,983,000.

Less positive results for Rwanda, where four companies raised US\$4,325,000 - a drop from the US\$16,070,000 raised by seven ventures in 2021.

Mauritius saw three startups raise US\$1,680,000. Otherwise, there were two rounds each for Algeria (one of which was notably transport-based super app Yassir, which raised a whopping US\$150 million), Benin, Cameroon, DRC, Madagascar, Mali, Namibia, Sudan, Togo, and Zimbabwe. There was one raise in each Mozambique and Sierra Leone.



SECTORS

FINTECH

POWERED BY



We are honoured to be addressing Africa's startup and investment communities as part of Disrupt Africa's report this year. Flat6Labs has long been a proponent of disruption, innovation, and growth across the North African entrepreneurship ecosystem. We grew out of Egypt and into many promising regional markets. We aim to maintain this expansion trajectory by entering more African markets and providing the continent's most innovative entrepreneurs with the chance to bring their ideas to life.

Over the years, Flat6Labs has solidified its relationship with investor and entrepreneurial communities across Egypt and the MENA region. We continued to make strides in 2022 and launched eight new programmes to facilitate access to essential resources, bringing the number of our total programs to over 30 across the MENA region. Our portfolio has tremendously grown over our 11 years of operation, and as of today, we have helped 363 portfolio companies build their offerings and business models. It is through our programmes that we have helped shape the region's startup ecosystem and have supported over thinkers and innovators in transforming their sectors. In 2022 alone, we have invested in over 700 entrepreneurs and 62 portfolio companies.

Our belief that Africa is a major hub for knowledge, development, and opportunity has founded our interest in growing within the continent. Untapped potential and the emergence of new trends, at the center of which is increased digitization, lay the groundwork for fundamental change. Resource mobilisation becomes essential in such contexts, with opportunities arising for firms to bring their expertise in raising funds, network building, and service provision to help new entrepreneurship ecosystems emerge. This is why advancing tech-enabled startups and focusing on strategic industries that can help trigger substantial developments is now becoming part and parcel of our strategy to power inclusive economic growth across the continent.

Flat6Labs' African portfolio currently stands at over 200 startups. Our expansion into African markets is set to at least double this number within the next five years and create opportunities where successful models can be easily replicated to cater to the needs of early-stage tech startups. We believe now is a critical time to support youth across the continent in bringing their ideas forward to the right partners and potential investors. Supporting African entrepreneurs will not only bolster innovation in Africa and help revitalize

local, national, and regional economies, but will also reshape the future as the continent enters new eras of disruptive innovation. Introducing Flat6Labs' expertise and know-how will support these pivotal moments and will turn ideas into active opportunities.

We see tremendous potential, and we cannot wait to get started.



Ramez El-Serafy
CEO, Flat6Labs

SECTORS

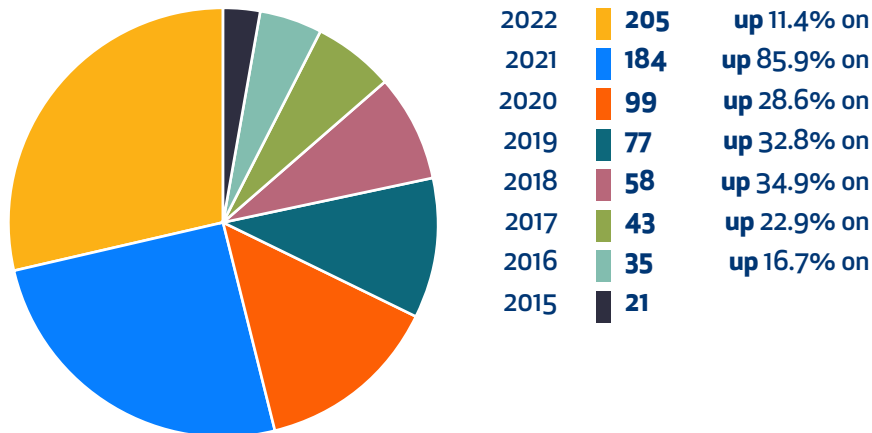
Fintech

As is to be expected by now, fintech was by far and away the most funded sector in 2022, yet again seeing solid growth in both the number of backed startups and total amount of funding secured.

Two hundred and five (205) fintechs received backing (32.4 per cent of funded startups), together raising a whopping US\$1,446,794,000 (43.4 per cent of Africa's total).

The 205 funded startups represent growth of 11.4 per cent on the previous year's figure (184). However, in 2022, they accounted for 32.4 per cent of Africa's backed ventures, whereas in 2021 fintechs made up 32.6 per cent - a slight decline in proportion then, despite an increase in real numbers.

Funded fintech startups by year

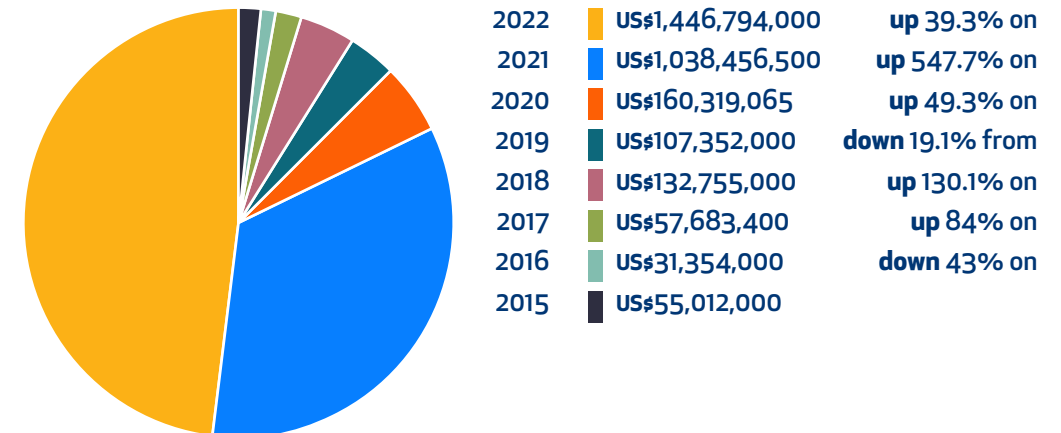


Total funds (US\$1,446,794,000) were up 39.3 per cent as compared to the 2021 total, although again the proportion of overall funding going to the fintech sector was down slightly, from 48.3 per cent of the continent's total in 2021, to 43.4 per cent in 2022.

While fintech easily retains its lead as the most popular space, the growth is smaller than in other verticals; and the narrowing of margins shows other sectors are starting to attract larger amounts of funding, and contribute more to the overall pot, as well.

The average deal size in the fintech space has been bounding upwards, in 2022 it came to US\$7,057,531. This was a big leap from US\$5,643,785 in 2021, which in itself had been a jump from US\$1,619,384 in 2020.

Total fintech funding by year



SECTORS

This high average reflects the fact that 92 startups raised US\$1 million or more, meaning that approaching half - 44.9 per cent - of funded fintechs raised million dollar plus rounds.

Of 210 distinct rounds, the stage was disclosed in 112 (53.3%). Of those seed was predominant, with 44 rounds (39.3%), followed by pre-Seed (37 rounds, 33%). Combined this means early stage funding made up 73.3 per cent.

There were 10 pre-Series A rounds disclosed (8.9%), 13 Series A (11.6%), one pre-Series B (0.9%), and five Series B (4.5%). There was one Series C and one Series D round disclosed this year.

Twelve startups (5.9%) raised any amount of debt, up from eight (4.3%) the previous year.

On a gender view, only 18.5 per cent of funded fintechs (38) had a female co-founder in 2022, down from 39 (21.2%) the preceding year. The vast majority have a local co-founder (196 companies, 95.6%), which is up on the previous figure of 163 (88.5%). Twenty one (21) fintechs (10.2%) had an international co-founder, down from 33 (17.9%) in the 2021 list.

Of the funded ventures 112 have been accelerated at some point in their journey (54.6%). Together the 2022 funded fintechs employ 10,433 people, an average of 51 per startup - up from 5,445 people, 30 per startup, in 2021.

Nigeria was the key fintech market in 2022 with 86 funded ventures (42 per cent of the fintech list), and contributing US\$666,392,000 - 46.1 per cent of fintech funding. No other country was anywhere close to these figures. Egypt and Kenya saw 26 startups funded each (12.7%), South Africa had 18 deals (8.8%), Ghana 12 (5.9%), Uganda had eight (3.9%), while Ivory Coast and Tunisia saw six deals apiece (2.9%).

From a total funds perspective, Egypt ranked in second place but substantially behind Nigeria with US\$401,930,000 (27.8%); while South Africa raised US\$132,582,000 (9.2%). Ghana saw its fintechs bag US\$96,063,000 (6.6%), Uganda received US\$63,246,000 (4.4%), and Kenya's total was US\$59,804,000 (4.1%).

In 2022, then, Nigeria was seen expanding its grip on the fintech space, while one-time leader South Africa has continued to fall behind. It is the West African nation that has powered the funding revolution in fintech, establishing the sector as the continent's dominant force. And though the sector's share of funding fell slightly in 2022, in the face of faster growth elsewhere, there is absolutely no reason at all to believe the era of fintech is anywhere near its end.

44.9% of funded fintechs raised over US\$1 million

E-COMMERCE & RETAIL-TECH

POWERED BY  MarketForce

Africa's venture capital (VC) industry has seen double-digit growth in recent years. With a digital economy whose value is projected to reach US\$712 billion in 2050, Africa is at an inflection point, accelerated by the impact of COVID-19; an appetite for digital services; and an increasing supply of software developers and other tech talent in Nigeria, Kenya, Egypt and South Africa. On a continent where everything is growing, capital continues to flow to ventures that address underserved markets with essential goods, services and economic opportunity.

But it's not enough that money is pouring into the continent. It also matters where it is going.

Investment activity on the continent continues to reinforce two concerning patterns. One is the funding gap for startups whose needs are between \$5 million and US\$50 million. The other is the funding gap for underrepresented founders, including black and female founders.

The record startup fundraising and investment climate of 2021 slowed down globally in 2022. And many underrepresented founders have come to expect little more than lip service from the VC industry despite the broad commitment to diversity and inclusion in a post-George Floyd era. The 2023 fundraising environment will likely see a further decline in allocation to diverse founders, and more down rounds, layoffs, closures, bridge rounds and M&A activity among VC-backed startups. Global investors will continue to slow down investments into growth-stage startups as they take advantage of favourable valuations and terms on offer at the pre-seed, seed and pre-Series A stages.

Despite this bleak outlook, there are some emerging trends that give me hope. One such trend is the increased collaboration between foreign firms such as Y Combinator, SOSV, Reflect Ventures, Uncovered Fund and Rebel Fund, and Africa-based investment firms that focus on underrepresented founders such as V8 Capital, Greenhouse Capital, Launch Africa Ventures, Future Africa, PANI and Chui Ventures, to mention a few. Another is the intentional efforts by VC firms to increase the diversity of their teams and investment committee members. Finally, growth stage startups have shifted focus towards delivering on business fundamentals such as healthy unit economics, disciplined cash management and effective monetisation of value - efforts that will be crucial to the resilience and productivity of the eventual winners.

Having seen how startup fundraising works from both sides, there is no one-size-fits-all to the funding divide and simply talking about the need for change isn't enough. It is clear however, that in order to achieve a more inclusive and equitable venture capital ecosystem, significantly more capital needs to flow to Africa and to underrepresented founders. Additionally, as operators, it is our responsibility to work together and innovate to increase our likelihood of success. Ultimately, our success is the only thing that will prove to investors and their LPs that African startups and diverse founders outperform. We must succeed - the impact of what we stand for and who we serve is too important not to. Let's make this journey count.



Muthoni Wachira

Chief of Staff, MarketForce

SECTORS

E-commerce & retail-tech

The e-commerce and retail-tech space has continued to expand its prowess in the funding arena, driven by the increasing role of niche retail-tech solutions. The sector placed second both in terms of number of backed startups, and total funding amount, although the growth in the latter is where the exciting story lies.

Seventy-four (74) startups raised a combined US\$556,761,000 - contributing 16.7 per cent of the continent's total pot, and representing growth of 70.7 per cent on the US\$326,156,000 raised in 2021.

The e-commerce and retail-tech space has been enjoying a boom in funding since 2019, and in 2022 this trend continued for the fourth year running with 70.7 per cent growth in funding as above. 2021 had been up 271.5 per cent on the previous year's total; while that in turn was up 85.6 per cent on 2019. The US\$47,303,000 raised in 2019 was an increase of 283 per cent on the previous year. Over these years, retail-tech has emerged as an area attracting substantial investor interest, and has helped drive the growth in the sector.

The average round size in 2022 came to US\$7,523,797, up from US\$3,089,514 in 2021, and up from US\$1,596,091 in 2020 - reflecting the increasing number of larger and later stage rounds.

Of 74 distinct rounds, 47 (63.5%) were disclosed. Among them, there were 11 pre-seed rounds (23.4%) and 17 seed rounds (36.2%). There were five pre-Series A (10.6%) and eight Series A rounds (17%). Three rounds were listed as pre-Series B (6.4%); one Series B (2.1%) and two Series C (4.3%).

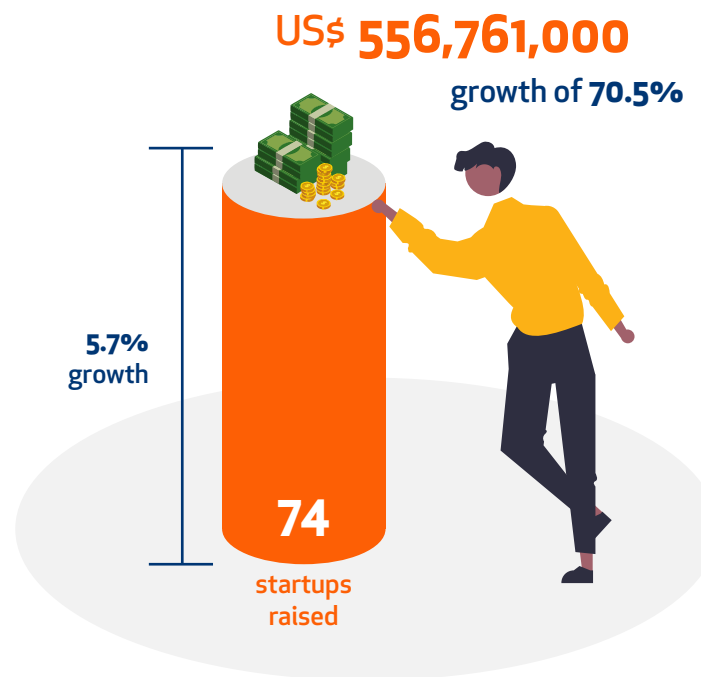
Only two startups (2.7%) raised any form of debt capital.

Fourteen (14) startups - 18.9 per cent - had a female co-founder, down from 19 (27.1%) in 2021's database. The vast majority had a local co-founder this year (68 companies, 91.9%); while nine (12.2%) had an international co-founder.

More than half of funded e-commerce and retail-tech ventures have been accelerated (41 startups, 55.4%); and together they employ 5,677 people (77 per startup).

Egypt has been a leader in the e-commerce and retail-tech space for a few years now, and in 2022 it continued to lead for the number of startups backed, but was knocked from the top spot for total funds raised, by Kenya.

In 2022, 22 of the funded ventures were based in Egypt (29.7%), 16 were Kenyan (21.6%); 10 were Nigerian (13.5%), eight from Morocco (10.8%) and five from South Africa (7.1%).



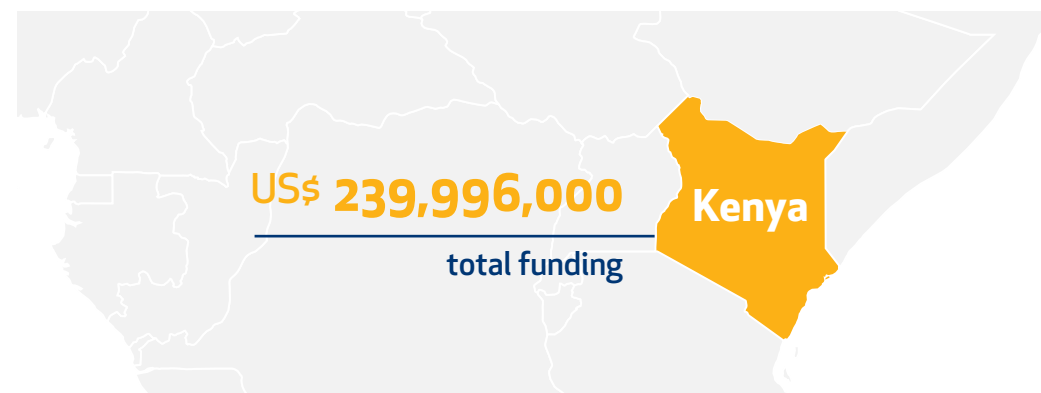
SECTORS

Kenya netted by far the most investment, with US\$239,996,000 (43.1 per cent of the sector's funding), driven by headline rounds in the retail-tech space (Wasoko, US\$125 million; MarketForce, US\$40 million, among others).

Egypt, typically the leader on this measure, fell far behind with US\$129,210,000 (23.2%) - a decline on its own total from the previous year. South Africa contributed US\$ 97,750,000 (17.6%). Tanzania and Nigeria also raised smaller amounts - US\$32,200,000 (5.8%) and US\$26,598,000 (4.8%) respectively.

This breakdown of funds reflects a huge boost in Kenya's funding of the sector - in 2021, Kenya saw only US\$9,820,000 (4.5%) invested in the space. Egypt's performance was disappointing as compared to its usual form, while Nigeria's e-commerce and retail-tech space plods on at a similar scale to last year.

There is sustained interest in Africa's e-commerce industry as the value proposition is evident and attractive; however, early attempts at building out the space have struggled to overcome infrastructure challenges, among others. Retail-tech and B2B solutions have emerged as a particularly successful area for innovation, and this segment is fuelling a resurgence of this sector.



2022	%	2021	%	2020	%	2019	%
Number of funded startups	55.4	Number of funded startups	62.9	Number of funded startups	63.6	Number of funded startups	77.4
Retail-tech	44.6	Retail-tech	37.1	Retail-tech	36.4	Retail-tech	22.6
Funding retail-tech	55.6	Funding retail-tech	60.6	Funding retail-tech	65.9	Funding retail-tech	90.8
E-commerce	44.4	E-commerce	39.4	E-commerce	34.1	E-commerce	9.2

Funding breakdown of e-commerce vs retail-tech by year

SECTORS

E-health

The e-health sector in Africa has risen in the stakes over recent years, boosted by the COVID-19 pandemic which prompted a widespread turn to virtual healthcare solutions. E-health places third in terms of startups funded, and fourth for total funding secured; with 53 startups (8.4%) raising a combined US\$189,103,000 (5.7%).

The number of startups to raise is slightly down on 2021, when 55 startups gained investment. Up until 2022, e-health had seen the number of startups attracting funding accelerating year-on-year.

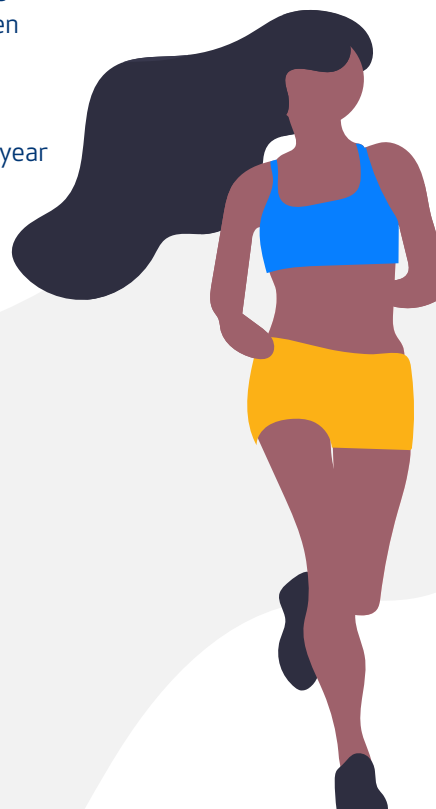
However, the amount of funding secured continues to rocket. The US\$189,103,000 raised in 2022 was up 54.3 per cent from US\$122,542,000 in 2021. The total for 2021 was up 19 per cent on 2020; which in turn has been up a mega 257.5 per cent on 2019. Evidently, the total amount of investment jumped in 2020 in response to the heightened demand for online health solutions occasioned by the COVID-19 pandemic. Since then, the growth has been sustained, and continues apace.

The average round was up to US\$3,567,981 in 2022, from US\$2,228,036 in 2021. It was US\$2,512,049 in 2020, up substantially from US\$993,379 in 2019 - again, 2020 was the year in which round sizes jumped, and growth has continued since then.

Of 54 distinct rounds, 27 (50%) disclosed their stage. As elsewhere, pre-seed and seed rounds were most common, with 10 and 11 rounds respectively (37%, and 40.7%). There was one pre-Series A round (3.7%), and four Series A rounds (14.8%). There was one Series B round (3.7%).

Growth in e-health funding by year

2022	US\$189,103,000	up 54.3% on
2021	US\$122,542,000	up 19% on
2020	US\$102,994,000	up 257.5% on
2019	US\$28,808,000	up 51.8% on
2018	US\$18,975,000	up 100% on
2017	US\$9,486,600	up 13.5% on
2016	US\$8,357,200	down 23% on
2015	US\$10,860,000	



SECTORS

Twelve (12) companies (22.6%) had a female co-founder, down from 14 (25.5%) in the previous year's list. There were 51 startups with a local co-founder (96.2%); while four had an international co-founder (7.5%). Twenty-one (21) of the funded ventures (39.6%) have participated in an accelerator at some point in their trajectory. This year's funded e-health ventures employ 2,331 people, an average of 44 per startup.

On a geographic view, Egypt was home to the most funding rounds, but Nigeria raised the highest total amount.

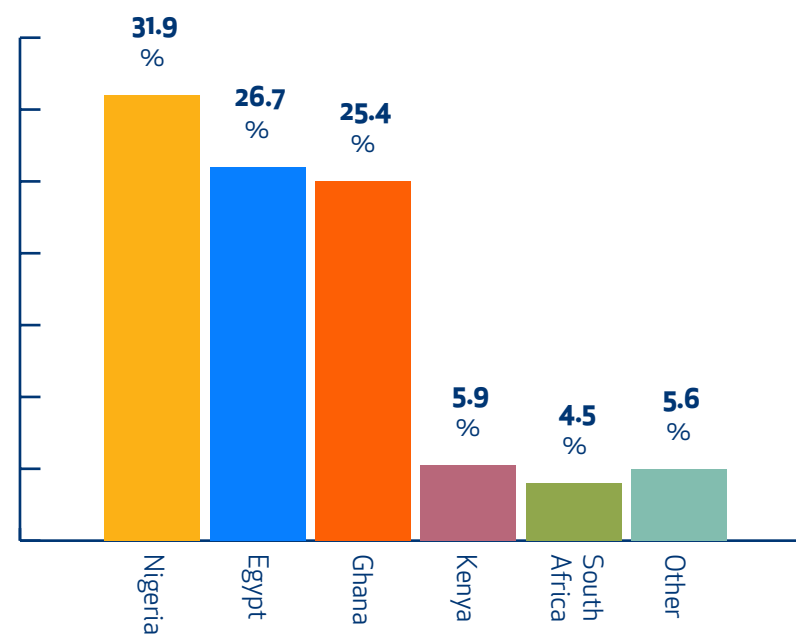
Egypt saw 13 startups backed, followed by South Africa with 12. Eight Nigerian startups raised; alongside seven Kenyan companies. Morocco had four, and Ghana three.

Nigeria led for total e-health funding with US\$60,345,000; while Egypt had the second-highest total at US\$50,505,000. Despite having a low number of rounds, Ghana had an impressive total of US\$48,000,000. Kenyan funding totalled US\$11,218,000; and South Africa's came to US\$8,410,000.

The data from 2022 reflects very solid growth in Nigeria and Egypt from the previous year, when the funding for those countries totalled US\$37,605,000 and US\$13,707,000 respectively. South Africa saw funding fall through the floor as compared to 2021; while Ghana had a particularly note-worthy year this year.

While there was regular interest in African e-health prior to 2020, the pandemic did result in a rush in consumer and investor involvement with the space. Though growth has slowed down somewhat, the new overall annual level of activity in the space has remained and e-health plays an important role in the funding landscape.

Total e-health funding by country



US\$ | ■ US\$60,345,000 ■ US\$50,505,000 ■ US\$48,000,000
■ US\$11,218,000 ■ US\$8,410,000 ■ 10 rounds 6 countries

SECTORS

Logistics

The logistics sector had a positive year in 2022, with stable growth. It once again ranked fourth for number of funded startups, and eighth for total investment raised, for the second year running.

Forty-five (45) logistics startups raised funding (7.1 per cent of Africa's total), up 4.7 per cent from the 43 startups to raise in 2021. While an increase, this growth is disappointing as compared to the run enjoyed by the space in the preceding few years. The total for 2021 was up 48.3 per cent on 2020; which was up 26.1 per cent on 2019; which in turn was growth of 91.7 per cent on 2018.

The total funding raised by logistics ventures in 2022 came to US\$95,123,000 (2.9%). This is up 9.6 per cent from US\$86,751,000 (4%) in 2021. In the years preceding, there has been fluctuation in the amount of funding raised. While the 2021 figure had been up 134 per cent on 2020, that year's total reflected a decline of 87.8 per cent on 2019. In 2019 funding had leapt 264.6 per cent from 2018.

Perhaps the most notable feature of this year's logistics data, is that funding is a lot more evenly distributed than in previous years, where typically a large round has accounted for a big portion of funds gathered. There was no such round this year. The average raise came to US\$2,113,844.

Of the 45 rounds, 18 (40%) disclosed the stage of funding. There were five pre-seed rounds and six seed, together accounting for 61.1 per cent of rounds - a much lower proportion than in other sectors. There were two pre-Series A raises, three Series A, and two pre-Series B. Only one company raised any form of debt funding.

Seven startups (15.6%) had a female co-founder, a relatively low representation. Forty-two (42) had a local co-founder (93.3%), and six (13.2%) had an international co-founder. Twenty-four (24) of the year's funded ventures (53.3%) have been accelerated at some point.

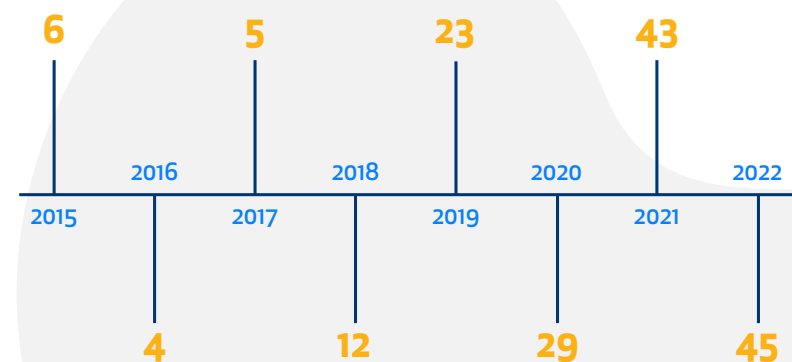
Together the startups funded in 2022 have 2696 employees, averaging 60 per startup.

Nigeria was the geographic leader for number of startups funded with 15, followed by Egypt (10), Kenya with seven, and South Africa with four. There were a handful of one-off rounds in other countries.

However, when it comes to funding volumes, Egypt was by far the dominant destination, raising US\$47,915,000. Nigerian startups bagged US\$17,633,000, and Kenya's cohort raised US\$16,650,000. South Africa and Senegal fell far behind with US\$5,400,000 and US\$5,200,000 respectively, while the other locations accounted for the remaining smaller amounts.

Given increasing levels of trade between African countries, and between the continent and the world, plus the expected positive impact of the African Continental Free Trade Area (AfCFTA), solutions that make the movement of goods more efficient and affordable are likely to be in large demand going forward. Capital is likely to remain concentrated on a smaller number of companies than elsewhere, given the economies of scale involved in this space, but we can expect funding into the logistics space in Africa to continue to grow going forward.

Number of funded logistics startups, by year



SECTORS

Ed-tech

Ed-tech placed fifth for the number of startups funded, but was well off-pace in terms of total funding, where it saw a big decline on 2021.

Twenty-seven (27) startups received backing (4.3%), down on the previous year when 29 companies raised. Prior to that there had been steady growth in the number of startups raising funding year-on-year, so 2022 represented a slight dip on the upwards trend.

Together the startups raised US\$24,639,000 (0.7 per cent of Africa's total), also down on 2021, but here the decline was more marked - 69.6 per cent. The total amount of funding fluctuates notoriously each year, and while 2021 was by far the best year on record, 2022 is also a strong performance all things considered.

The average raise was US\$912,555, a big decline on the 2021 average of US\$2,794,138, but this is unsurprising given the big discrepancy in total funding amounts over those two years.

Only 13 rounds (48.1%) disclosed the funding stage, of those there were five pre-seed and five seed rounds, amounting to 76.7 per cent early-stage rounds. There were two pre-Series A, and one Series A rounds disclosed. In 2021, there were four Series A rounds, and two Series B raises, accounting for 33.3 per cent of that year's total. As such, the breakdown is quite different in 2022, but also reflective of the much lower amount secured as compared to the previous year. In 2022 there were no debt raises.

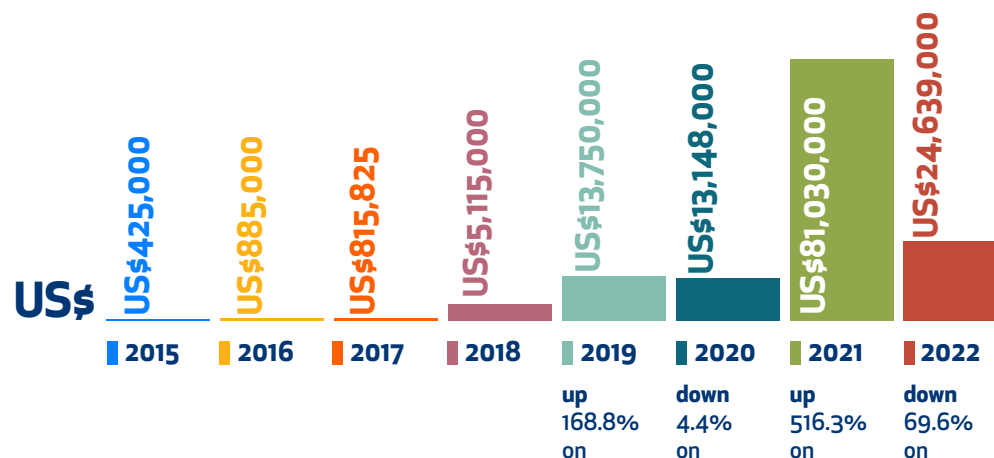
The gender statistics are relatively positive in the ed-tech space, with eight startups reporting a female co-founder - 29.6 per cent, which is higher than the continental average. Twenty-five (25) companies (92.6%) had a local co-founder, and only two (7.4%) had an international co-founder. Eleven (11) companies (40.7%) have participated in an accelerator. Together, the 2022 funded ventures employ 1,830 people, giving an average staff of 68 per startup.

Egypt and Nigeria tied in terms of number of funded startups with seven apiece, while Kenya and South Africa contributed four each. Beyond this there were one or two rounds based in a scattering of other markets.

However, it was Tunisia which performed best in terms of total funding secured, with a total of US\$8,065,000 mostly thanks to an US\$8 million Series A round for coding school GoMyCode. Kenya's total came to US\$5,100,000; Egypt netted US\$4,160,000; Nigeria US\$3,871,000, and South Africa US\$2,665,000.

While the potential of ed-tech to revolutionise learning outcomes in Africa has long been recognised, funding activity has generally speaking failed to follow through on this potential, and except for a few dedicated companies and investors building out the space, ed-tech doesn't carry much weight in the funding rankings.

Total amount of ed-tech funding by year



SECTORS

Energy

Energy placed sixth for the number of funded startups, and fifth for total funding, in another decent year of growth for the sector.

A total of 24 startups (3.8 per cent of the African total) secured investment, up 9.1 per cent on 22 startups (3.9%) in 2021. Twenty-two (22) startups also raised in 2020, while 12 were backed in 2019 and 10 in 2018.

Those 24 startups raised a combined US\$150,708,000 (4.5%), an overall total that was up 44.7 per cent on the US\$104,118,000 (4.9%) banked in 2021. That in turn was up 48.1 per cent on US\$70,306,000 (10%) in 2020.

The average round was worth US\$6,279,500, a big leap from US\$4,732,636 in 2021, and indeed US\$3,195,727 in 2020. Energy ventures do, in general, require larger amounts of capital, hence the consistent relative over-performance in the startup space and the higher average ticket size.

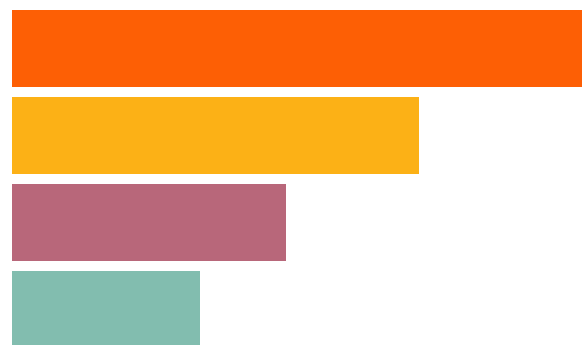
Of 25 distinct rounds, only seven (28%) were disclosed - of those two were pre-seed, two seed, and one each pre-Series A, Series A, and Series B. Five (20.8%) had elements of debt, down from 10 (45.5%) in 2021.

Of the funded energy startups in 2022, five (20.8%) had at least one female co-founder, down from 22.7 per cent in 2021. Twenty-one (87.5%) had local founders, up from 13 (59.1%) the previous year, while seven (29.2%) had at least one international co-founder.

There has been a big jump in the rate of acceleration amongst funded African energy ventures, from one in 2021 to six (25%) in 2022. These startups employ between them 2,225 individuals, an average of 93 per company.

Nigeria is the home base for the larger proportion of companies (eight, as opposed to Kenya's seven), yet the ecosystem is clearly deemed earlier-stage than Kenya, which accounts for US\$128 million of the total capital raised.

Energy funding, 2019-2022	%	US\$
2022	4.5	150,708,000
2021	4.9	104,118,000
2020	10	70,306,000
2019	9.9	48,665,000



SECTORS

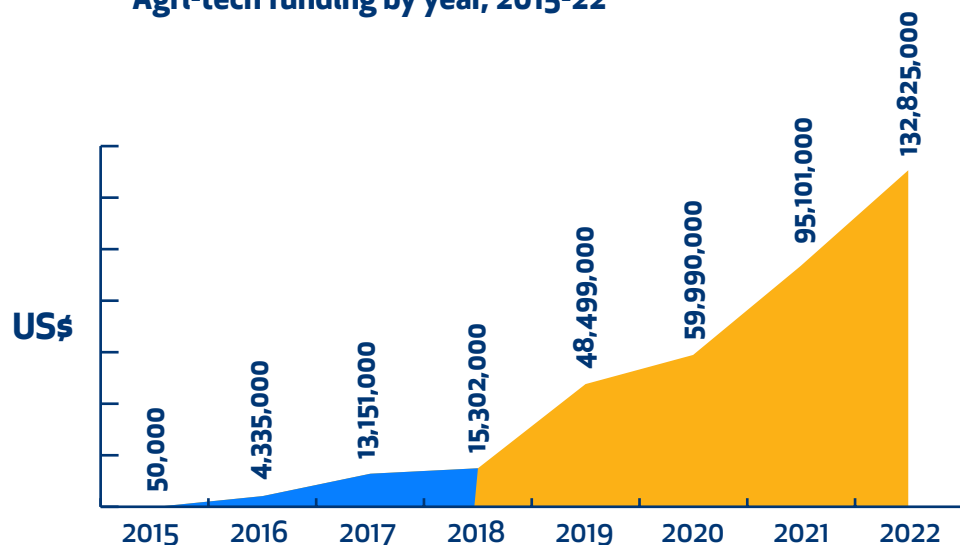
Agri-tech

Twenty-three African agri-tech startups raised funding in 2022, accounting for 3.6 per cent of the total of 633. This was up 4.5 per cent on 22 startups (3.9 per cent of the total) in 2021, and placed the sector seventh in this respect.

Growth was much faster when it came to total funding, which was up 39.7 per cent on 2021 to hit US\$132,825,000 (four per cent of the overall total). The 2021 total of US\$95,101,000 had itself been up 58.5 per cent on US\$59,990,000 in 2020. Agri-tech has come a long way since only US\$50,000 was banked by the sector in 2015.

The average round size was US\$5,775,000, up from US\$4,322,773 in 2021, US\$3,749,375 in 2020, US\$2,852,882 in 2019, and US\$1,391,090 in 2018. Yet once again funding is heavily concentrated on a small number of companies. Kenya's Apollo Agriculture and Nigeria's ThriveAgric accounted for over 80 per cent of total funds raised.

Agri-tech funding by year, 2015-22



Until now, there had been signs that funding was becoming slightly more distributed. In 2019 the two best-funded agri-tech startups (Twiga Foods and Apollo Agriculture) accounted for 88.4 per cent of funding, and in 2020 the two best funded (Twiga Foods and Aerobotics) took 76.5 per cent. That again fell in 2021, when Twiga Foods and Agricorn together accounted for just 71 per cent. But this trend reversed in 2022.

Eight of the 23 funded ventures disclosed which stage they had raised, with two of those pre-seed, three seed, one pre-Series A, and one Series B. Four (17.4%) raised some element of debt capital, while 15 (65.2%) have taken part in some form of accelerator or incubator programme at some point over their lifespan.

Four (17.4%) had at least one female co-founder, up from two (9.1%) in 2021. Twenty-one (91.3%) had at least one local co-founder, up from 86.4 per cent the previous year, while four (17.4%) had an international founder, down from five (22.7%) in 2021. Funded agri-tech ventures employed between them 1,337 people, an average of 58 per startup.

African agri-tech is a straight fight between Nigeria and Kenya when it comes to funding, with South Africa a distant third. Two countries account for the vast majority of startups, and 93.5 per cent of total funding between them. In 2022, Nigeria came out on top, with seven startups raising US\$72,770,000 as opposed to the US\$51,400,000 raised by six Kenyan counterparts.

Total agri-tech funding by country

US\$ 72,770,000	Nigeria
US\$ 51,400,000	Kenya
US\$ 5,745,000	South Africa
US\$ 2,910,000	Other



SECTORS

Transport

The transport sector ranked eighth when it came to the number of funded ventures in 2022, but jumped to third for total secured investment - mostly due to the US\$150 million round raised by Algerian startup Yassir.

Twenty-two (22) startups (3.5 per cent of the overall total) secured investment, up 4.8 per cent from 21 startups (3.7%) in 2021. That in turn was up 40 per cent from 15 (3.8%) in 2020, which was itself an increase of 15.4 per cent on 13 startups (4.2%) in 2019.

Sustained growth, then, but relatively slow and steady compared to what we have witnessed when it comes to total secured funding per year. The 22 funded African transport startups in 2022 raised between them a total of US\$220,920,000 (6.6 per cent of the total), more than double (109.5%) the US\$105,445,000 raised in 2021. That year saw similar growth, with that figure up 102.4% on the US\$52,098,000 raised in 2020.

The average round size in 2022 was US\$10,041,818, up from US\$5,021,190 in 2021, and US\$3,473,000 in 2020. Yet once again, it must be noted that without the US\$150 million Yassir round, all these figures would look very different.

Of the seven startups that disclosed the stage at which they raised at, one was pre-seed, four were seed, one Series A, and one Series B. No startups raised any debt funding.

Two startups (9.1 per cent of the total) had a female amongst their founding team, while every single one was locally-founded. Fourteen (63.6%) have been in some way "accelerated", while between them the 22 funded transport startups employed 2,887 people, an average of 131 per company.

Aside from Yassir's mega round, which accounted for 67.9 per cent of investment, funding was extremely distributed. Egypt led the way with four funded ventures, ahead of Nigeria (3), Ghana (2), South Africa (2), Togo (2) and Tunisia (2). Egypt came in second to Algeria with US\$22,430,000 in funding, behind Algeria's US\$150 million (all Yassir) but ahead of Nigeria (US\$24,350,000) and Kenya (US\$10,900,000).



Transport jumped to third for total secured investment - mostly due to the **US\$150 million** round raised by Algerian startup Yassir.

US\$ 220,920,000



SECTORS

Recruitment & HR

The recruitment and HR space was back with a bang in 2022, with 20 startups (three per cent of the total) raising a combined US\$15,220,000 (0.5 per cent of total). The number of funded ventures bounced 300 per cent from five in 2021, while total funding was up 109.5 per cent on US\$7,265,000 in 2021.

The year 2021 will go down as an annus horribilis for the sector, in which funded ventures fell in number by 72.2 per cent on 18 in 2020, and total funding declined by 58.7 per cent from US\$17,604,500. The impact of the COVID-19 pandemic on the fortunes of recruitment and HR ventures may have played a part here, but clearly the sector has rebounded in 2022.

The average raise per startup did decline, however, to US\$761,000 from US\$1,453,000 in 2021. Only 20 per cent of funded startups disclosed the stage at which they had raised, with one pre-seed, one seed, and two Series A rounds noted. None of the funded recruitment and HR startups secured any element of debt capital.

Three (15%) had at least one female co-founder, while none had any international founders. A whopping 75 per cent have undergone some form of acceleration or incubation, and between them they employ 385 people. Egypt leads the way for the number of funded ventures, with seven, yet the US\$10,515,000 raised by four Nigerian startups accounts for 69.1 per cent of total capital coming into the space.



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AI/IoT

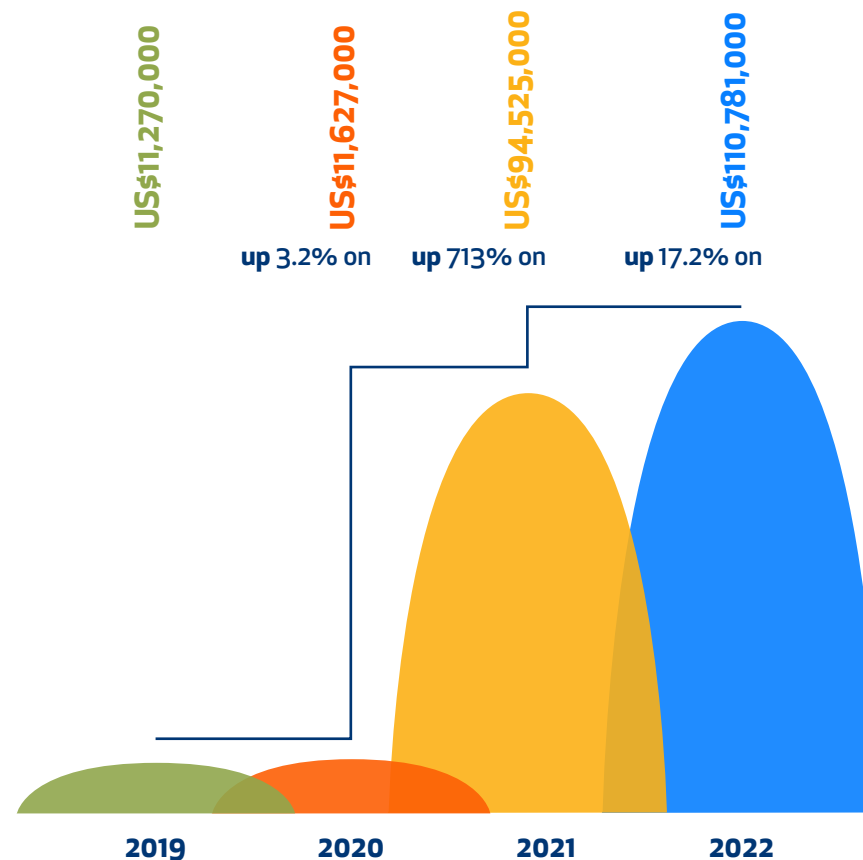
There were more significant developments in the artificial intelligence (AI) and Internet of Things (IoT) spaces. The number of funded ventures increased to 17 (2.7 per cent of the total), up 21.4 per cent on 14 (2.5%) in 2021. That in turn had been up 40 per cent from 10 (2.5%) in 2020.

Those 17 startups raised between them a total of US\$110,781,000 (3.3 per cent of the total), up 17.2 per cent on the US\$94,525,000 (4.4%) secured in 2021. That in turn had been up 713 per cent on US\$11,627,000 (1.66%) in 2020, which in itself was an increase of 3.2 per cent on US\$11,270,000 in 2019. This sector, then, has seen strong growth sustained over a few years now.

The average raise was US\$6,516,529, slightly down from US\$6,751,786 in 2021. All of these investments were equity ones, and of those that disclosed stage, two were seed, two pre-Series A, one Series A, and one Series B.

Five of the funded AI/IoT startups had a female co-founder, making up 29.4 per cent of the total. There were no international co-founders, and eight (47.1%) had previously been accelerated or incubated. Between them, the 17 funded startups in this space employed 481 people, an average of 28 per company.

South Africa accounted for the most funded AI/IoT startups, with seven, ahead of four in Egypt and three in Morocco. Those seven startups raised between them US\$7,030,000, but were dwarfed for total funding by Tunisia, as a result of InstaDeep's US\$100 million round in January. Since acquired, the company accounted for 90.3 per cent of AI/IoT funding in 2022, but big rounds have always given the sector a boost. In 2021, Kenya's Gro Intelligence raised 89.9 per cent of AI/IoT funding; in 2019, InstaDeep again accounted for 62 per cent; and in 2020 South Africa's DataProphet accounted for 51.6 per cent.



Growth in AI/IoT funding by year, 2019-2022

SECTORS

Prop-tech

The prop-tech space saw decent if uninspiring levels of development from a funding perspective in 2022, with more startups raising more money than ever before but no hockey-stick growth evident as yet.

Fifteen prop-tech startups secured investment over the course of the year, accounting for 2.4 per cent of the African total. This was up 50 per cent from 10 startups (1.8 per cent of the total) in 2021. That figure was the same as in 2020.

These ventures secured US\$16,681,000 in funding between them, just 0.5 per cent of the continent's total but still an increase of 13.6 per cent on the US\$14,686,000 raised by prop-tech startups in 2021. That in turn had been up 32.7 per cent on US\$11,070,000 in 2020, which had been an increase of 191.5% on 2019's US\$3,797,000. So the sector is seeing consistent growth, even if the overall numbers remain relatively low.

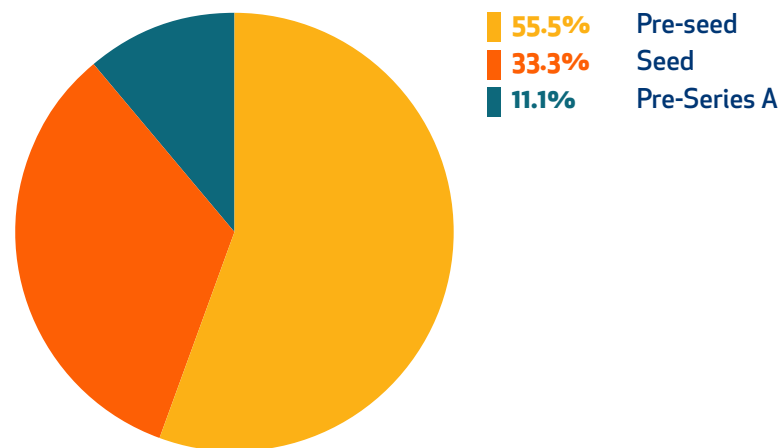
The fact the African prop-tech sector is still very nascent is further emphasised by the stage at which startups are securing investment. Of the 16 distinct rounds raised by such ventures in 2022, nine (56.3%) disclosed the stage at which they raised. Five were pre-seed, three seed, and one-Series A, with no rounds disclosed at a later stage. Only one had any element of debt attached to it.

Stage of investment secured by African prop-tech startups (where stage was disclosed)

Prop-tech performs above average for female representation, with five (33.3%) of the funded ventures having at least one female co-founder. All had local co-founders, with just one having international representation.

The acceleration rate is low, with just one startup (6.7 per cent of the total) having taken part in such a programme, while funded African prop-tech ventures employ between them 316 individuals, an average of 21 per startup.

Egypt and Nigeria are the leaders in the prop-tech arena, accounting for one-third of funded ventures each. They also raised the vast majority of total funding, with Egypt (US\$7,565,000; 45.4 per cent of prop-tech funding), narrowly edging out Nigeria (US\$7,495,000; 44.9 per cent).



SECTORS

Entertainment

The entertainment sector experienced a bumper year from a funding perspective, though slightly fewer ventures secured investment than in 2021.

A total of US\$59,820,000 was raised by African entertainment startups in 2022, making up 1.8 per cent of the overall tally. This was up an impressive 416 per cent on US\$11,590,000 (0.5 per cent of the total) in 2021. The 2021 total had been down 16.6 per cent on US\$13.9 million in 2020.

A huge advancement, then, in 2022 as compared to previous years. Big rounds for South Africa's Carry1st and Nigeria's Scorefam certainly assisted this, but there were seven rounds worth US\$1 million or more, suggesting funding is on the rise across the board rather than focused on a couple of leading ventures. The average round size leapt to US\$4,985,000 from US\$827,857 in 2021 and US\$1,390,000 in 2020.

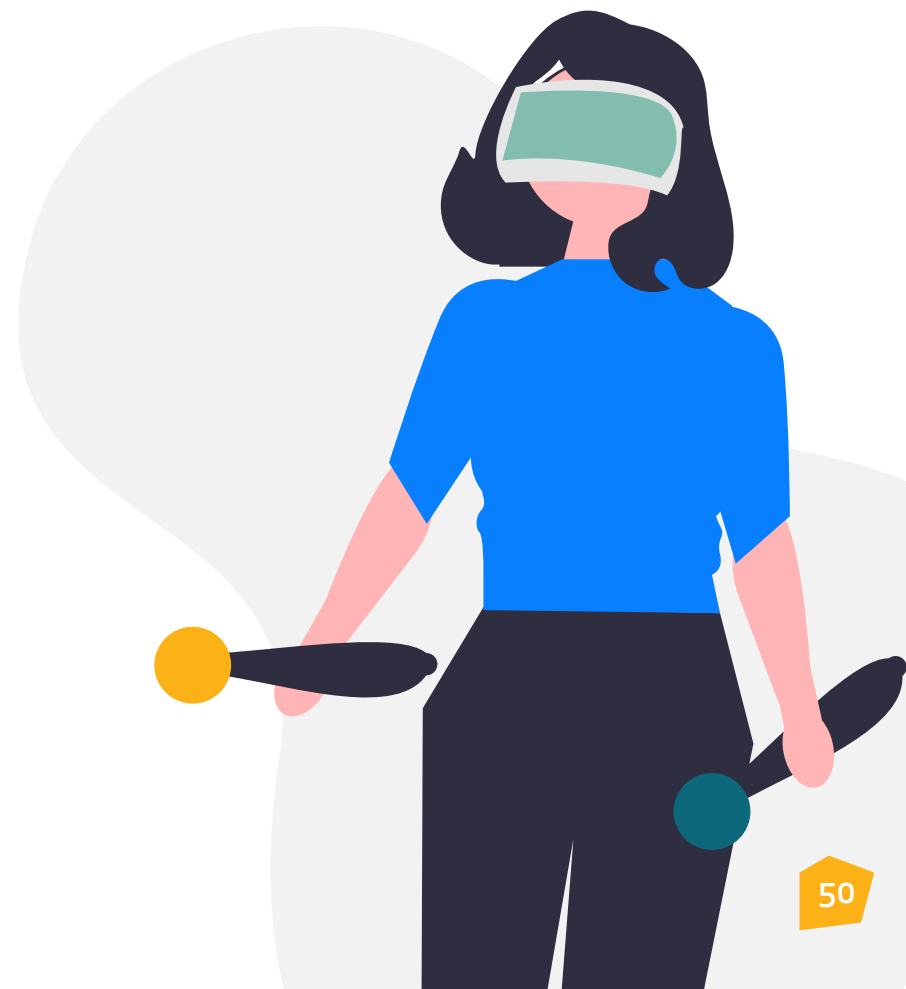
The growth in overall funding was even more impressive considering this tally was raised by fewer startups than in previous year. Just 12 entertainment ventures secured investment, representing 1.9 per cent of the total. This was down 14.3 per cent from 14 in 2021, and represents a first dip after a period of sustained growth. The 2021 figure was up 40 per cent on 2020, which had in turn been an increase of 150 per cent on 2019.

Nigeria accounted for the largest number of funded ventures and the most funding, but in general it was quite evenly spread across the "big four" ecosystems. No entertainment startups from outside of Nigeria, Kenya, South Africa and Egypt raised funding in 2022.

Six startups disclosed the stage at which they raised, of which two (33.3%) were pre-seed, two (33.3%) were seed, and two (33.3%) were Series A. Only one had any element of debt.

Two ventures had female representation within their founding team, or 16.7 per cent of the total. All but one had local founders, and three (25%) had international representation. The acceleration and incubation rate of these startups is high, at 58.3 per cent, while between them they employed 206 people, an average of 17 per company.

The entertainment average round size leapt to **US\$4,985,000** from **US\$827,857** in 2021 and **US\$1,390,000** in 2020.



SECTORS

Marketing

It was a strong year for the African marketing-tech space, which saw both the number of funded ventures and total investment spike.

Twelve startups, 1.9 per cent of the continental total, raised funding, which was up 20 per cent on 10 startups in 2021. There has been steady growth in this regard, with 2021 up 66.7 per cent on 2020, which was in turn up 20 per cent on 2019.

Between them these startups banked US\$34,725,000. This represented one per cent of the African total, and was an increase of 242 per cent on US\$10,152,000 in 2021. It maintains strong growth in this regard within the marketing space, with 2021 having been up 281.5 per cent on the measly US\$2,661,000 raised in 2020.

The average amount raised has also sharply risen, to US\$2,893,750 from US\$1,015,200 in 2021, but with all these impressive figures there is one major caveat. That is the fact that a full 86.4 per cent of the investment that came into the sector went to just one company, Egypt's ArabyAds, which raised a US\$30 million pre-Series B round in August.

Aside from that pre-Series B round, two other startups disclosed the stage at which they raised - both seed. All were equity rounds.

Two startups had at least one female on their founding team, and all were exclusively founded by locals. Nine, or 75 per cent, had undergone some form of incubation or acceleration, well above average, and between them they employed 561 people, an average of 47 per startup.

Egypt led the way, with five funded ventures raising a combined US\$33,900,000, though once again ArabyAds was a major contributor. Nigeria (3), Morocco (2) and Tunisia (2) also saw startups funded.



African marketing startups raised **US\$34,725,000** in 2022 - 86.4% of which was ArabyAds \$30m round

ArabyAds

SECTORS

Auto-tech

Significant growth in the auto-tech sector in 2022 means it warrants its own section here for the first time. Nine startups (1.4 per cent of the African total) raised US\$18,050,000 (0.5%). The former figure was an increase of 125 per cent on four funded ventures in 2021; the latter up an impressive 434.8 per cent on US\$3,375,000 in 2021.

The average round size was US\$2,005,556, up from US\$843,750 in 2021. Six (66.67%) of the funded startups disclosed the stage of their round. Half of those were pre-seed, one seed, and one Series A, speaking to the still early stage nature of the auto-tech space. Two raised debt funding as part of their round.

None of the nine funded auto-tech ventures had a female on their founding team, while all had exclusively local founders. Two had undergone some form of acceleration or incubation at some point in their journey, and between them the nine companies employed 214 employees, 24 per startup.

Restaurant-tech

Emerging as if from nowhere in 2022 was the restaurant-tech space, by which we refer to products and services targeted specifically at restaurants, helping them improve efficiencies, purchase goods, or access customers. Eight startups in this space secured funding, up 300 per cent on two in 2021, when the sector barely warranted a mention, never mind its own section.

There was also impressive growth from a total funding perspective, extremely impressive in fact. Those eight startups raised between them US\$52,965,000, 1.6 per cent of the African total. This figure was up from US\$180,000 in 2021, growth of 29,325 per cent! The average round size as a result leap to US\$6,620,625 from just US\$90,000.

All but one of nine distinct rounds disclosed the stage, with three pre-seed, five seed, and one-Series A, testifying to how nascent this sector remains. Two saw some aspect of debt capital. Two of the funded restaurant-tech ventures had a female on the founding team, while all had local founders (one had international representation). An impressive six (75%) had been accelerated at some point in their lifetime, while between them they employed 435 people, 54 per startup.

Egypt (three funded startups), Kenya (2), Nigeria (2) and Tunisia (1) were the bases for funded restaurant-tech startups, with Nigeria the most-funded, mainly due to the US\$30 million round raised by Vendease. Egypt came in second with US\$16.6 million secured investment.

SECTORS

Other

A further 67 African tech startups - 10.6 per cent of the total - raised a combined US\$187,326,000 (5.6%) in 2022, across a variety of other sectors.

These included up and coming spaces such as waste management (6), on-demand (6), digital identity (5), tourism (3), construction tech (2). Prop-tech, AI/IoT, auto-tech, and restaurant-tech are among the sectors that have been included in this "other" section in the past, before developing to the point at which they warranted their own dedicated sections.

Thirty of the startups listed here raised US\$1 million or more.

Largest rounds in the "other" category in 2022



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ACQUISITIONS

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Exit activity accelerates alongside investment growth.

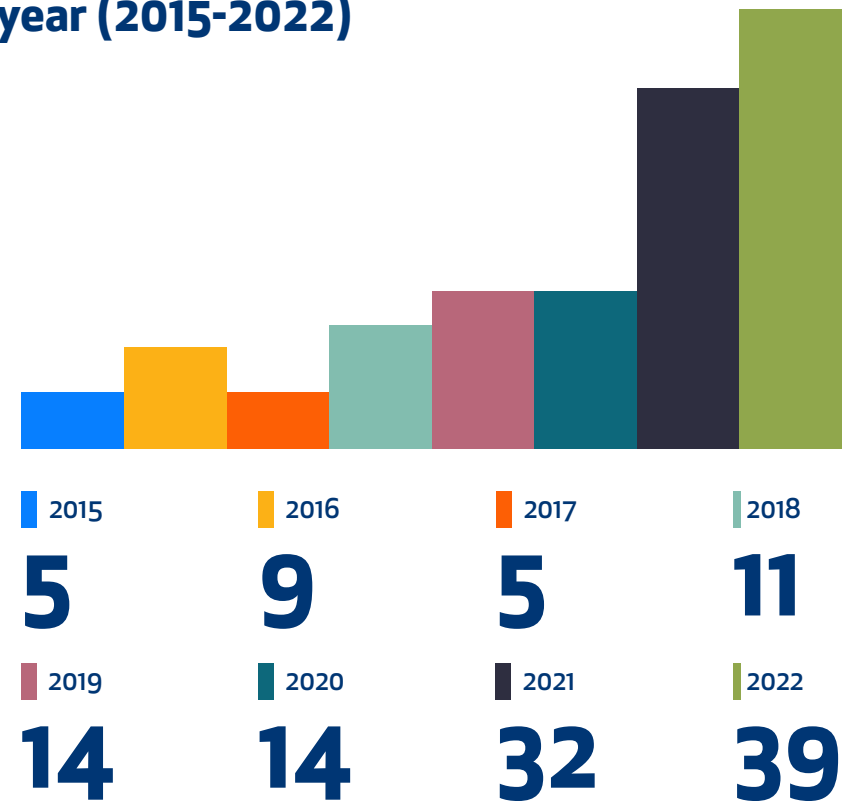
In the same way as 2022 proved an impressive year for the continent from a funding perspective, it was another record 12 months for exits. In all, 39 African startups were acquired in 2022, up seven (21.9%) on the 32 such deals seen in 2021.

Growth in this regard has, however, slowed. The 2021 acquisitions total was more than double - an increase of 128.6% - the 14 acquisitions witnessed in 2020. There were also 14 such deals in 2019.

The more developed African startup ecosystems, unsurprisingly, lead the way here. Egypt came out on top, with an impressive 13 deals representing one-third of the continent's total. Last year's leader, South Africa, recorded nine acquisitions for the second year running but was bumped down to second place with 23.1 per cent of the deals. Kenya and Nigeria saw four exits each.

Nine (23.1%) of the deals took place outside the "big four" markets, however. Ghana saw three such deals, there were two in Ivory Coast, and 2022 saw individual buyouts in Morocco, Rwanda, Tunisia and Zambia.

African tech startup acquisitions by year (2015-2022)



ACQUISITIONS

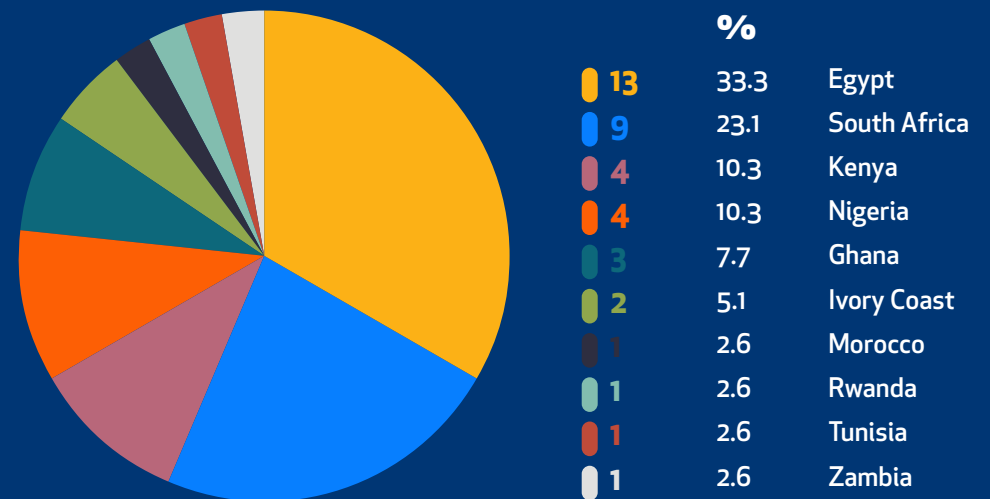
In general, there are two main types of “acquisition” within the African startup space - genuine, bonafide buyouts where a larger corporate entity acquires a smaller business in order to subsume a potential competitor or add to their offering; or startup-on-startup deals, which in reality are usually more akin to mergers.

In 2021, the majority of the 32 acquisitions were of the latter variety, with startup-on-startup buyouts accounting for 65.6 per cent of deals. This switched around in 2022, and though there was very little in it, “real” acquisitions accounted for the larger part. Twenty (51.3%) were such deals in 2022, while 18 startup-on-startup transactions accounted for another 46.2 per cent. There was one investor acquisition.

Among those startups buying out other startups were a host of African ventures, key among them MFS Africa, Umba, Yoco, Lami, Eden Life, Float and Autocheck. This type of virtuous cycle - closely resembling that which sees successful African entrepreneurs make early-stage investments in fellow African founders - is a significant positive development for the ecosystem, while it is also a positive in many cases to see consolidation and collaboration favoured over competition between ventures when the stakes are so high.

Sector-wise, as with funding, fintech leads the way - but only just. Twelve - 30.8 per cent - of acquisitions made in 2022 were in the fintech sector, which just edged out e-commerce and retail-tech (11 startups; 28.2%). Beyond that, the next most successful sector exit-wise was e-health, which saw three deals (7.7%).

African startup acquisitions by country, 2022



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